Weekend FT

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Incentives for bosses or corporate greed?

Top people's pay rises have sparked accusations that too many have their fingers in the corporate honeypot *page I*

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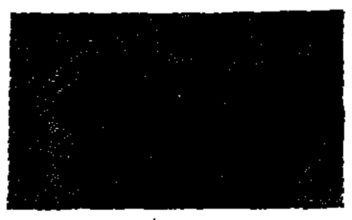
Philip Coggan tells savers how to prepare for Labour's policies *page II*



Thatcher's Euro-ally
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EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Weekend June 29/June 30 1991

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WORLD NEWS

US accuses Iraq of violating ceasefire

President George Bush accused Iraq of violating the Gulf war ceasefire after Iraqi troops fired warning shots in the air to prevent United Nations inspectors from entering a suspected nuclear weapons site. Page 24

Nuclear station 'unsafe'
The International Atomic Energy Agency warned that Bulgaria's only nuclear power station was unsafe. Page 24

RAF man reprimanded
Wing Commander David Farquhar, 42, was found guilty by court martial of negligence after Gulf war secrets were stolen from his staff car. He was severely reprimanded and stripped of seniority but did not lose his rank.

Ernest Saunders freed
Former Guinness chairman Ernest Saunders, 55, was released on parole 20 months before the end of his 2½-year jail sentence for fraud and false accounting. Page 6

Bomb at London theatre
A 20lb bomb planted behind the Alfred Beck Theatre in Hayes, west London, was safely defused after failing to explode. The army band of the Blues and Royals had performed to an audience of about 300 there on Thursday. Security sources blamed the IRA.

The secret heroes
Undercover operations behind Iraqi lines by Britain's special forces are officially recognised among 811 awards from the Gulf war, but most of their names are being kept secret for security reasons. Businessmen share, Page 6

Channel ferries threat
Passengers crossing the Channel today face severe disruption to journeys after a threat by French seamen to blockade the port of Calais. Page 6

Maze future in doubt
A decision on whether to close and replace the Maze Prison in Northern Ireland is to be made within months, the province's security minister, Lord Belstead, confirmed. It costs £42m a year.

Four years for joyrider
Joyrider Oliver Knowles, 16, who admitted killing three people during a high-speed motorway chase by police on the M55 near Preston, Lancashire, was sent to a detention centre for four years.

Undersea celebration
Flashing lights, loud music and the pop of champagne corks 150ft below the seabed marked the completion of the final section of the Channel Tunnel.

Polish rift deepens
A rift between President Lech Walesa and the Polish parliament deepened when the lower house overruled his veto on a new electoral law. Page 3

Bomb hoaxer jailed
Belfast-born Gary McCormack, 23, a labourer who made two hoax bomb threats at London's Canary Wharf tower because he wanted the rest of the day off, was jailed for two years. Another hoaxer was given 18 months.

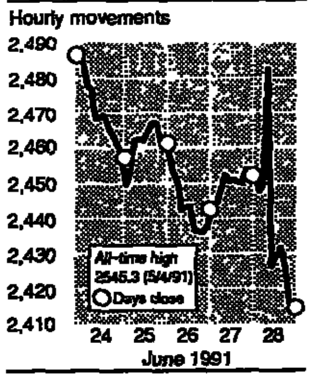
Spirits at low ebb
One million people in the UK have stopped buying wine and spirit sales have dropped by 800,000 bottles a year, according to the Wine and Spirit Association.

BUSINESS SUMMARY

FT-SE closes depressing day 37.7 points lower

THE FT-SE 100 closed a depressing day on the UK stock market 37.7 points lower at 2,414.8, to bring the total fall during the two-week trading account which closed yesterday to 107.5 points, or just over 4 per cent. The sell-off was triggered by setbacks in Tokyo and weakness in other European bourses, emphasised by yesterday's fall in the German market. In New York at lunchtime, the Dow Jones Average was following the London market lower, 37.12 points off at 2,897,81. Page 24; Lex, Page 24; London stocks, Page 15; Weekend, Page II

FT-SE Index



P&O, biggest UK-owned container shipping company, is in final talks to buy the cargo shipping operations of Trafalgar House, construction and shipping group. Page 10

MONSANTO, one of the biggest US chemical companies, is to cut 2,500 jobs worldwide from its 41,000 workforce and take a second quarter after-tax charge of $325m (£198m) or $2.54 a share. Page 12

AMERICA West, Phoenix-based regional carrier, became the fifth US airline to seek bankruptcy protection from its creditors under Chapter 11 of the US Bankruptcy Code. Page 12

DAVIES & Newman, Dan-Air parent which negotiated a stay of execution with its bankers last October, is seeking £40m by issuing loan stock to plug its next working capital gap. Page 10

BHP, Australia's largest company, unveiled record net profits of A$1.42bn (£660m) after strong earnings from its petroleum and minerals division. Page 12

TATE & LYLE, UK sweetener group, won control of Queensland sugar miller Bundaberg Sugar after capturing 67 per cent of the stock. Page 12

ROYAL Insurance, UK composite insurer, ended talks with General Re, largest US reinsurance group, over the sale of its reinsurance subsidiary, Royal Re. Page 10; Lex, Page 24

GIROBANK, recently-privatised bank which operates through the Post Office, has shelved plans for the UK's first mass-market share dealing service. Page 4

REDIFFUSION Simulation, one of the world's three largest manufacturers of flight simulators, said it was making 600 workers redundant at its main manufacturing plant at Crawley, West Sussex. Page 4

DAIMLER-BENZ, Germany's largest industrial group, met 100 British component companies in the motor, electronics, aerospace and other sectors to discuss increasing the DM1bn (£300m) worth of components it buys from the UK each year. Page 4

Ceasefire collapses as jets launch raids

EC ministers fly to Belgrade for urgent talks

By Judy Dempsey in Ljubljana, **Laura Silber** in Zagreb and **David Buchan** in Luxembourg

THREE European Community foreign ministers flew to Belgrade for urgent talks with the Yugoslav central authorities last night as federal army units closed the last border posts in Slovenia and announced a ceasefire after three days of heavy fighting.

However, the ceasefire collapsed within hours as the military carried out fresh bombing raids just outside the Slovene capital Ljubljana and near the border with Croatia.

Mr Janez Jansa, Slovenia's minister of defence, said military jets bombed a transmitter station near Ljubljana two hours after the ceasefire offer.

He said three people had been killed in the town of Medveje, which borders Croatia, after tanks rammed into civilian cars. The total number of dead was put at 10 by mid-evening yesterday.

The three ministers, from Italy, the Netherlands and Luxembourg, left an EC summit to urge talks between the federal government and the two breakaway republics of Slovenia and Croatia. They are expected to warn that the EC would cut off aid to Yugoslavia if negotiations fail.

The EC summit, convened to discuss political union and a future common foreign policy, faced its first international mediation effort. Sweeping aside other summit business until they had settled their tactics on Yugoslavia, EC leaders armed the three foreign ministers with a letter invoking the newly-agreed consultation mechanism of the Conference on Security and Co-operation in Europe (CSCE).

The EC leaders decided to see whether political persuasion could work on the warring parties in Yugoslavia, before

EC thrust into front line....Page 3
A way out of Yugoslavia's mess....Page 8

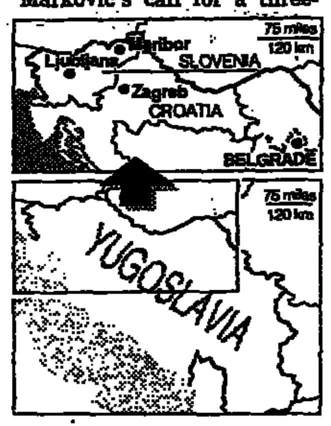
cutting off nearly Ecu1bn in promised EC aid to the Balkan country.

Chancellor Helmut Kohl, evidently worried about the reaction of the large number of Yugoslav, mainly Croatian workers, in Germany, urged: "Europe should take action and not leave mediation to other countries."

But Mr John Major, the UK prime minister, told the press that "the first prize is to keep the Yugoslav federation together", while at the same time calling for an end to violence and return of federal troops to barracks.

But inside the summit meeting, the UK leader acknowledged that European public opinion would sympathise with Slovenia and Croatia.

The Yugoslav government yesterday contacted leaders at the EC summit to urge them to back prime minister Ante Markovic's call for a three-



month cooling off period, during which negotiations between the federal authorities and Croatia and Slovenia could take place. This idea was broadly endorsed by EC leaders who decided, however, to issue no declaration until the troika of foreign ministers conclude their mediation effort.

Meanwhile the confused military position inside Slovenia raised doubts rose about who was in control of the Federal army. Mr Igor Bavcar, the Slovene minister of the interior, suggested attacks by the army were continuing for several reasons. "The army may now be out of control; the federal officers here are acting on their own orders; and the communication lines have been damaged by the Slovenes."

He said he doubted "the real readiness of the officers to stop hostilities". Official reports say 10 people have been killed in Slovenia since Wednesday.

Austria accused the federal air force of violating Austrian airspace during a bombing raid on the border crossing at Sentilj over which millions of tourists from Austria usually cross every year. The air force bombardment of Slovene airports and four passenger aircraft on the ground will further damage the Yugoslav tourist industry which is heavily centred on Slovenia and Croatia.

The Slovene government yesterday closed down Yugoslavia's sole nuclear power station at Krsko as a safety measure after unspecified threats to blow it up.

Mr Stipe Mesic, a Croat whose election as federal president was blocked last month by Serbia, yesterday sharply criticised the prime minister Ante Markovic for backing the army's occupation of Slovenia.

Tony Andrews

On the way out: Margaret Thatcher leaving her office in London yesterday to announce her retirement as an MP

Thatcher to retire

By Ivo Dawnay, Political Correspondent

MRS Margaret Thatcher celebrated her decision to retire from the House of Commons yesterday with another resounding broadside against any hint of compromise with Britain's European partners.

Making it abundantly plain that she had no plans to withdraw from political debate, the former prime minister used an interview on Britain's Independent Television News to repeat her warnings against the UK

Continued on Page 24

Tories mourn, Page 4
Fading of megastar, Page 8

Burton to cut jobs and seek £161m

By John Thornhill and Maggie Urry

BURTON GROUP, the UK fashion retailer and owner of the Debenhams department store chain, yesterday asked shareholders for £161m through a rights issue. It blamed its need for cash on the steepening recession in the high street and the collapse in the value of its property developments.

The group announced a further substantial cost-cutting programme which will result in 1,600 job losses. All remaining staff will have their pay frozen until next year.

Since announcing interim pre-tax profits of £44.1m in March, Burton has suffered a marked deterioration in trading conditions.

Retail sales are running at 9 per cent below the previous year's depressed levels and the company has forecast a second-half loss of £34m. Burton's shares, after falling heavily in recent days, closed 2p lower at 44p yesterday.

Mr Laurence Cooklin, chief executive, said he could see no immediate end to the recession. "It is like pitching tents in an avalanche," he said.

The one-for-one rights issue at 30p a share, which has been underwritten by S. G. Warburg, the merchant bank, is designed to bolster the balance sheet and reduce borrowings.

It will buy Burton time to try to dispose of its five shopping centre developments in an orderly fashion and implement its revised retailing strategy.

Burton is substantially reorganising its retail formats, expanding the Evans and Principles chains and cutting back Top Shop, Top Man and Burton. Overall, trading space will be reduced by 147,000 sq ft or 3.8 per cent of total area.

The group is forecasting a pre-tax loss of £14.6m for the current financial year, which ends in August. The loss is after £24.6m of exceptional

Continued on Page 24

Dressing down, Page 8
Details, page 10
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Disparity seen in top pay and company performance

By Christian Tyler and Simon Holberton

A LARGE disparity between what top UK directors are paid and the performance of their companies has emerged in an Financial Times analysis of earnings in the past decade.

The total pay of Britain's 70 most senior industrialists and bankers rose by an average of 350 per cent between 1981 and 1990 compared with an increase in their companies' average earnings per share of 166 per cent.

Their earnings were also more than three times the national average. Over the decade, the index of average earnings increased by 106 per cent. Inflation, as measured by the retail prices index, was 68 per cent.

Top businessmen's pay has been the subject of a parliamentary row this week after the publication of large increases for the heads of newly-privatised utility companies.

The FT analysis shows that total before-tax pay, including performance bonuses, rose from an average of £88,340 in 1981 to £398,830 last year. At the same time, the rise in the average earnings per share of 70 of the current 100 companies included in the FT-SE 100 Share Index rose just over one-and-a-half times.

Earnings per share (EPS) is the most common measure of the chief executive or chairman's performance used in the board room today. Many company executives have their "long-term" bonuses tied to growth in EPS. The FT study looked at the total remuneration of the highest paid director in each company.

The pay question is bound to be raised when Sir Adrian Cadbury's committee on the financial aspects of corporate governance meets for the first time on July 15.

Sir Adrian said yesterday that pay would be a secondary but unavoidable issue. Questions such as how board members are paid and whether their packages genuinely reflect performance, will be discussed, he said.

Further criticism of board room practice comes in a survey by Korn/Ferry International, a leading headhunter, to be released tomorrow.

Mr John Stock, the company's chairman, said that in 1990/91 "there was some fall in bonus payments, but not as much as falling profits and business confidence might have suggested".

The study says that the median rise in the pay of chief executives of large companies was 11 per cent in 1990-91.

It shows that of the 196 companies in the survey, 81 per cent provide performance-related cash bonuses for senior executives. Of these, nearly 90 per cent confine their measurement of performance to one year. The most popular measures of executive achievement are EPS and pre-tax profits.

Fingers in the honey pot, Weekend I

MARKETS

STERLING
New York lunchtime:
$1.6205
London:
$1.619 (1.633)
DM2.9375 (2.93)
FFr9.9525 (9.94)
SFr2.5225 (2.53)
Y223.25 (225.5)
£ index 89.8 (89.7)

GOLD
New York: Comex Aug
Not available (367.9)
London:
$369.4 (366.5)

N SEA OIL (Argus)
Brent Aug
$18.70 (+0.275)

Chief price changes yesterday: Page 24

DOLLAR
New York lunchtime:
DM1.81185 (1.795)
FFr6.1395 (6.089)
SFr1.555 (1.5503)
Y138.7 (137.9)
London:
DM1.8145 (1.794)
FFr6.1475 (6.0875)
SFr1.558 (1.549)
Y137.9 (138.05)
$ index 68.0 (67.7)
Tokyo close: Not available

US CLOSING RATES
Fed Funds 5½% (6)
3-mo Treasury Bills:
yield: 5.68% (5.7)
Long Bond:
96 31/32 (96 3/32)
yield: 8.42% (8.48)

STOCK INDICES
FT-SE 100:
2,414.8 (−37.7)
FT Ordinary:
1,877.9 (−34.1)
FT-A All-Share:
1,161.19 (−1.3%)

New York:
DJ Ind. Av.
2,890.65 (−44.28)
S&P Comp
388.86 (−5.54)
Tokyo: Nikkei
23,290.96 (−252.07)

LONDON MONEY
3-month interbank:
11 7/32% (same)
Liffe long gilt future:
Sep 90 9/32 (89 7/16)

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Post-1992 fears for immigration and drugs

EC leaders consider 'Europol' police force

By David Buchan in Luxembourg

EC leaders were last night considering setting up a "Europol" police force to counter organised crime and drug trafficking, which some fear may flourish in the planned EC single market after 1992.

The idea comes from German chancellor Helmut Kohl, who has long urged more EC police co-ordination, to combat not only crime but also illegal immigration.

At yesterday's Luxembourg summit, British Prime Minister John Major urged action to control the rising tide of economic migrants seeking a better life in the Community.

"We must not remain wide open to all comers, simply because Paris, Rome and London seem more attractive than Bombay and Algiers," he said.

The immigration issue surfaced in a debate on the single market programme. The aim, endorsed by most EC states, though not Britain, is the removal of all checks on intra-EC frontiers after 1992. This would make crime and immigration control harder, many leaders feared.

President Jacques Delors of the European Commission said that without a common policy on immigration the Twelve would find it impossible to do away with all border checks between their countries.

Even at present, Mr Major said, the situation was bad enough. Britain was receiving 1,000 applications a week for asylum, 10 times the rate of only three years ago. He cited estimates that third-country nationals inside the Community, legally and illegally, would make them equivalent to the seventh largest state in the EC.

"If we fail in our control efforts, we risk fuelling the far right – something we saw in the UK in the mid-1970s and have since kept in check," Mr Major said.

Britain has reached agreement with its EC partners on a common list of countries whose citizens will require a visa to visit the EC. Earlier this week only an Anglo-Spanish dispute over Gibraltar thwarted agreement among the Twelve on a convention strengthening controls on the EC's common external frontier.

The UK was ready to go further to extend visa-free travel for third country nationals resident in the Community, Mr Major said, "but this must not be at the cost of exposing our citizens to more drugs, terrorism, crime and racial tension".

Saying he wanted more police co-operation, Mr Major nonetheless indicated that a supra-national police force, of the kind that Mr Kohl seemed to have in mind, went too far for Britain. Nor did he indicate any willingness on Britain's part to join the Schengen convention, which would create a free travel zone among eight EC states with a giant computer data bank into which their police forces can tap.

On more standard single market issues, Mr Delors said the general balance sheet was "very encouraging", with two exceptions, social policy and the difficulty that Europe's electronics, cars and textiles sectors are having in staying competitive internationally. He promised EC research and development money for these sectors.

Some 84 directives remained to be passed in the second half of this year, in order to finish off the single market programme. Mr Major, for his part, highlighted the need to pass the investment services directives and to liberalise all forms of transport. The latter area figures high on the priority list of the Netherlands, which takes over the EC presidency on July 1.

Bonn tries to reassure small savers over tax

By Katharine Campbell in Frankfurt

THE German finance ministry yesterday sought to reassure small savers that they would be unaffected by Thursday's tax ruling by the constitutional court, while the government is still left with a considerable dilemma about how to clamp down on tax avoidance without sparking capital flight.

The court has ruled unconstitutional the current voluntary declaration by savers of investment income, and has taken the unusual step of issuing an deadline of January 1 1993 for tighter controls to be in place.

It estimates that around half of taxable investment income currently escapes the authorities.But finance minister Mr Theo Waigel yesterday set out to calm financial markets by stressing: "We do not want the normal saver to be affected by the [court] decision."

He also reminded investors that the tax-free allowances on small savings accounts, already raised two years ago, were due to be lifted again.

The court ruling could not come at a more awkward time for Bonn, as the controversial tax surcharge package for the funding of unification comes into force on Monday, against the background of speculation over possible additional increases to finance the move to Berlin.

With a public sector deficit to fund likely to be well in excess of DM150bn (£51bn) this year, and the D-Mark already weakening with the country's sudden shift into current account deficit, the potential cost of unsettling both foreign and domestic investors could hardly be higher.

While withholding tax at source would be the most efficient method of clamping down, Mr Waigel, whose first task as finance minister in 1989 was to remove the levy introduced by his predecessor, yesterday underlined his sensitivity to a repeat of the disaster: "I do not know how we could have met the capital needs of 1990 and 1991 if the capital outflows of the previous years had continued."

This leaves the government searching for other forms of control, which might include frequent "spot checks" of accounts. At the same time, investors would be unsettled by any action that appeared to undermine bank secrecy provisions, which largely protect savers from inquiries by tax inspectors.

Kurds expected to resume autonomy talks next week

KURDISH leaders are set to return to Baghdad next week to resume talks with the ruling Baathist party on possible autonomy for north Iraq, heartened by renewed security assurances from the allies, writes John Murray Brown in Shaqlawa, northern Iraq.

Speaking in Shaqlawa, in the Kurdish-controlled area near the Iranian border, Mr Massoud Barzani and Mr Jalal Talabani agreed to reject Baghdad's latest demands, disclosed just before the last round of talks broke up on June 16.

These called on the Kurds to sever links with the west and to side with the ruling party against Shia insurgents and other "artificial" organisations.

The Kurds seek to revive an autonomy law agreed in 1970 but never implemented by Baghdad. The two sides are also discussing terms for the political normalisation of Kurdistan and reform for all of Iraq.

Surprisingly, Mr Barzani, gave his oral approval to the Iraqi demands before consultations in Shaqlawa this week. Mr Barzani, however, insisted agreement is still imminent and said he was returning to Baghdad at the weekend.

Kurds are heartened by news that the allies have slowed their withdrawal from safe havens set up for the returning refugees who fled to Turkey in early April.

Mr Barzani said: "I think now is the right time. I don't agree that we should stall the talks." Some rebel leaders fear an agreement could provide a green light for the allies to pull out completely.

Brig Andrew Keeling, commander of UK forces in north Iraq, confirmed British strength at about 1,000 marines. However, the total allied presence was still sufficient to provide security now their relief role was complete.

Kurds have been unable to agree the vital issue of security in the autonomous region.

Last week, western governments revealed plans for Operation Poised Hammer, a rapid reaction force which officials say will protect the Kurds once the allies pull out.

Berlin state bankers sort through East German coins yesterday. The "aluminium chips" lose their validity on Monday, a year after currency union with West Germany.

Tokyo ministry in row with Nomura

By Robert Thomson in Tokyo

AN UNUSUALLY public dispute has erupted between Mr Ryutaro Hashimoto, the Japanese finance minister, and the leading brokerage Nomura Securities, with the minister yesterday threatening to review the level of securities investment by government institutions.

His comments, which unnerved the Tokyo stock market, followed strong criticism of Nomura and of its statements that the finance ministry had approved of securities houses' compensation of select clients for trading losses. Yesterday, the Nikkei share index closed down 252.07 points at 23,290.96, 4.1 per cent down on the week.

Mr Hashimoto, seen as an almost certain future prime minister, yesterday showed his irritation by criticising Nomura. He implied that the Japanese securities markets might not be a fit place for government money, including pension funds.

His comments were followed by an explanation from the ministry that it will investigate alleged reimbursement by Nomura of a public welfare corporation's trading losses. A senior ministry official said that if the investigation showed there were "problems" in the system, "some kind of review" of public investment would be necessary.

Mr Hashimoto's condemnation followed a statement by Mr Yoshihisa Tabuchi, who has resigned as Nomura's president, that the ministry was aware of the compensation paid to clients. Mr Tabuchi's comments came at a shareholders' meeting on Thursday, and Mr Hideo Sakamaki, the new Nomura president, has since apologised for his predecessor's "misleading" remarks.

But serious damage has already been done to the normally cosy relationship between the securities industry and the finance ministry, now facing widespread criticised for its lax control of leading brokerages, two of which have also admitted to lending to gangster groups.

Mr Hashimoto said yesterday that his ministry would consider introducing a formal ban on compensating clients. Until now, brokers have not been allowed to promise compensation, but, apart from repeated warnings from the ministry, there has been no specific regulation against the practice.

Meanwhile, the National Police Agency yesterday told the Keidanren, the country's federation of economic organisations, and the Japan Chamber of Commerce that respectable companies must sever any links with gangster groups. The agency said gangsters had been expanding their ties to legitimate companies, and that the trend must stop.

NEWS IN BRIEF

HK interest rates to be cut by 1 point

HONG KONG'S interest rates are being cut by one percentage point to 9.5 per cent on Monday, writes John Elliott in Hong Kong. This was decided yesterday by the colony's leading banks a few hours after the government's exchange fund injected HK$100m into the colony's banking system.

Interest rates were put up by one percentage point at the end of last month, when the government withdrew HK$100m from the system and launched an attack on inflation, which had reached an annual rate of 13.9 per cent in April.

Last month the inflation rate came down to 13 per cent, partly because of a cut in tobacco tax. But yesterday's interest rate cut was unexpected and was attacked by economists as premature and unnecessary.

Khashoggi faces customs charges

Mr Adnan Khashoggi, the Saudi Arabian financier, has been charged in France with customs infractions, writes George Graham in Paris.

Once one of the world's richest men, Mr Khashoggi is charged with failing to declare the import of 38 paintings by Cézanne, Picasso, El Greco and Renoir that he had bought from Mr Ferdinand Marcos, the ousted ruler of the Philippines. His lawyers are negotiating an agreement that will allow the charges to be dropped.

Algiers ruling party chief quits

Algerian President Chadli Benjedid has resigned as chairman of the National Liberation Front (FLN), which has ruled the country since independence in 1962, the Algerian news agency APS said yesterday, Reuter reports from Algiers.

The committee yesterday ended an extended meeting which debated the violent clashes between security forces and Islamic fundamentalists.

Finland suffers GNP decline

Finland suffered a 5.2 per cent drop in its gross national product in the first quarter of the year, it was announced yesterday, Robert Taylor reports from Helsinki. Production fell most in the forestry, construction and food sectors.

The economy, which is suffering its worst downturn for over 40 years, also experienced a 13.2 per cent decline in investment during the first quarter and private consumption fell by 3.6 per cent.

Helsinki lifts S Africa sanctions

Finland's embassy said yesterday that the country was lifting four-year-old trade sanctions against South Africa in response to President F.W. de Klerk's political reforms, AP reports from Johannesburg.

Aquino vetoes debt cap

Philippines President Corazon Aquino vetoed a debt cap provision yesterday, citing a threat to debt relief efforts, writes Greg Hutchinson in Manila. The debt cap would have limited payments on the country's foreign debt of $29bn to 20 per cent of annual export income.

The debt cap provision may be reinstated with a two-thirds majority of each house of Congress. However, the handful of laws vetoed by Mrs Aquino have never been voted on again.

Kashmiris go to polls

At least 1.65m voters in Pakistan's semi-autonomous northern state of Kashmir are expected to go to polls today to elect members to a 40-seat representative chamber, Farhan Bokhari reports from Islamabad. The members will then choose a prime minister to form a government.

Changes hit E Europe's children

Eastern European children are among the hardest hit as social conditions worsen while their countries cope with the change to market economies, a Unicef study warned yesterday, AP reports from Geneva.

Soviet troop deadline stays

Germany and the Soviet Union, who bickered this week over the withdrawal of Soviet troops from eastern Germany, have agreed to stick to the 1994 deadline, Mr Jürgen Möllemann, economics minister, said yesterday, Reuter reports from Bonn.

World Bank lends Brazil $605m

The World Bank approved $605m in loans to Brazil for two separate projects, AP-DJ reports from Washington.

A $260m loan will be used to help finance an estimated $600m project to restructure the country's education system.

A $245m loan will be used on a hydrocarbon transport and processing project aimed at promoting natural gas as a substitute for other energy sources, while reducing the distribution costs of petroluem products. Both loans are for 15 years with a variable interest rate, currently 7.73 per cent, linked to the cost of the bank's borrowings.

Taiwan trade mission to China

A private Taiwan trade association will send a 300-member delegation to China in September to buy goods worth up to $500m, to help correct the trade gap between the two countries, Reuter reports from Taipei. The Taiwanese mission, the first of its kind to China, will visit Beijing between September 26 and October 1.

Rise in US economic indicators

By Michael Prowse in Washington

THE US index of leading economic indicators registered its fourth consecutive monthly increase in May, rounding off a week that has seen compelling evidence of economic recovery.

The index jumped 0.8 per cent last month, with eight of its 11 component indicators signalling recovery. The largest positive contributions came from falling claims for unemployment insurance and rising building permits – a sign of a housing recovery.

The composite index of coincident indicators, which measures the current state of the economy, rose 0.2 per cent last month – the first rise since the recession began in July.

Yesterday's indicators follow a stream of recent encouraging reports for May, including increases in employment, industrial production, retail sales, factory orders, and personal incomes and consumption.

The majority view among economists is that the recession began to bottom out in April and May. Mr Michael Boskin, the White House chief economist, this week noted that some key indicators, such as real incomes and industrial production, appear to have hit bottom even earlier.

The likely vigour and durability of the recovery, however, remain hotly contested. A sharp rise in consumption last month partly reflected a further fall in the personal savings rate - to only 3.6 per cent of disposable incomes. Some analysts argue the need to rebuild savings will curb the pace of recovery.

The consensus forecast, however, is for economic growth at an annual rate of 2 to 3 per cent in the next few quarters, a mild recovery by past US standards.

Supreme Court test for Bush

President George Bush faces an important political test in his imminent decision over whom to nominate to the US Supreme Court to replace retiring Justice Thurgood Marshall, the only black ever to serve on the nine-strong court, writes Peter Riddell.

Officials said yesterday that Mr Bush was considering either a member of an ethnic minority or a woman.

Big changes for US banking

By Peter Riddell, US Editor, in Washington

THE most far-reaching changes to the structure of US banking for 60 years have been approved by the House Banking committee following its vote to repeal the Glass/Steagall law, which has separated commercial from investment banking.

The committee yesterday completed drafting the legislation after having approved much of the Treasury's comprehensive bank reform plan, including proposals to allow banks to run branches nationwide across state lines and to permit commercial businesses to own banks.

The significance of the repeal of Glass/Steagall is that it would permit bank holding companies to operate both deposit-taking banks and securities houses for the first time since 1933. This change has been urged on the grounds that banks should be able to offer a wide range of financial services and that the old restrictions had been rendered out-of-date by the growth of the commercial paper market and money market funds.

The Treasury has, however, suffered defeats over its desire to limit deposit insurance coverage to one main and one retirement account of $100,000 (£60,975) each per institution. Protection of multiple accounts will remain.

A Treasury proposal to require foreign banks to convert existing branches into separately capitalised subsidiaries in the US if they wish to expand into new activities was rejected by the committee.

The comprehensive plan still faces several big hurdles, notably the opposition of leading members of the House Energy and Commerce committee to allowing commercial businesses to own banks and to the repeal of Glass/Steagall.

Consumer prices up 3.5%

CONSUMER prices in Tokyo were 3.5 per cent higher this month than a year earlier, up from a 3.1 per cent increase in May, prompting fears that the general downward trend in prices has been reversed, Robert Thomson writes.

Japan's economic strength was reflected in a fall in unemployment, which was 2 per cent in May, down from 2.1 per cent in April, although housing starts in May were 22.1 per cent lower than a year earlier because of the turmoil in the property market.

The Bank of Japan has argued that official interest rates should not be lowered until inflation has fallen, and the figures for June, published yesterday by the Management and Co-ordination Agency, will encourage caution at the central bank. The consumer price index for Tokyo, a leading indicator of national trends, stood at 111.7, against the 1985 base of 100).

Prices for fresh foods were 14.7 per cent higher than the same month last year and rents also rose sharply.

World Bank lending policy shift

THE World Bank board of directors yesterday agreed to a series of administrative changes and to an intensified internal debate which may well lead to an alteration of its charter to allow direct lending to the private sector, writes Nancy Dunne in Washington.

This potential shift in policy which has required borrower government guarantees for its loans, grew out of a US Treasury insistence on an increased emphasis on private sector development. The Treasury linked its demands with US approval for a $1bn capital increase for the International Finance Corporation, the bank's private enterprise arm.

As a result of the bank's agreement to look into private sector lending, the IFC's board of directors yesterday unanimously recommended the $1bn increase. It must be approved by the board of governors.

The agreement by the bank to put new emphasis on support of private sector lending followed a week of intense internal discussions among World Bank directors.

The US had said many countries feared that, having completed reforms, they may no longer be eligible for World Bank adjustment lending.

Japanese suppliers studied

CROSS-shareholdings are not an important factor in Japanese companies' choice of supplies, according to Japan's Fair Trade Commission (FTC), which was prompted by US criticism to survey four industries, writes Emiko Terazono.

The FTC polled 27 leading companies in the shipbuilding, synthetic fabric, gas supply and consumer electronic sectors on business transactions.

Business conducted with companies with cross-shareholding ties amounted to 15 per cent for city gas suppliers, 6 per cent for consumer electronic companies, and 3 per cent for shipbuilders. Synthetic fibre-makers replied that 40 per cent of business transactions were with companies with cross-shareholding relationships, because of the low number of contracts.

● Mr Eiichi Nakao, minister of international trade and industry, said Japan must seriously consider the price disparity between Japanese and US car parts. He was responding to a US-Japan study revealing that some car part prices in Japan averaged 340 per cent more than in the US.

Commission has press barons trembling

Publishers fear European moves to curb advertising, reports Raymond Snoddy

A SUMMIT in Luxembourg this weekend and the British attitude to Community federalism has generated a certain amount of publicity in the newspapers.

But many of those newspapers are rather more interested in a another "summit" going under the very foreign sounding title of Assise Européennes de la Presse, which opens in Luxembourg on Tuesday.

British paranoia about the intentions of the Commission is running high. Such grandees of the European press as Lord Rothermere, chairman of the Daily Mail and General Trust, and Mr Hubert Burda, of the German publisher Burda, have formed a European Publishers Council to fight draft directives that would outlaw tobacco advertising and inhibit advertising of a lot of products ranging from pharmaceuticals to food.

Research by the Periodical Publishers Association suggests that legislation now being framed in Brussels could put more than 16,000 jobs at risk in the publishing industry and force the closure of almost 2,000 European magazines. The PPA research says that around 20 per cent of the advertising revenue of Europe's 30,000 magazines is directly threatened by Community legislation as currently proposed.

But suspicion of the Assise, or consultative body, goes deeper than that among British publishers. They fear that what started out as a call by the French newspaper industry for discussions about the implications of the 1992 single market on newspapers could turn into a Commission white paper and a directive on the press.

Mr Jean Dondelinger,the Community Culture Commissioner, has denied that he has any plans to introduce a white paper on the press. But he kept the flickers of suspicion alive at a recent meeting when he acknowledged that if such a thing was ever planned the Assise would provide "a treasure house" of information.

His chef de cabinet, Mr John Blaschette, has emphasised that the legal framework guiding the press in Europe would remain essentially national. However, he said he could envisage "that the national authorities ruling the press could be replenished by a limited assembly of specifically European norms – expressly of the new economic and legal environment." Apart from rules on advertising, the Commission also appears to be interested in such issues as concentration of press ownership.

Sir Frank Rogers, deputy chairman of the Daily Telegraph and chairman of the European Publishers Council, said yesterday that the Assise, mounted at great cost to the European taxpayer, would at best "achieve absolutely nothing, at worst it could start a process which will end up with negative results for the freedom of the press."

Reports from the working groups which will be discussed at the Assise seem to lack any hint of federal conspiracies. There is however a recommendation that a European Press Forum be set up to discuss the economic and social development of the media and EC media policy and directives, and to follow up proposals from the Assise.

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INTERNATIONAL NEWS

Yugoslav crisis thrusts dilatory EC into frontline

By David Buchan in Luxembourg, Lionel Barber in Washington and David White in London

THE YUGOSLAV crisis yesterday thrust the European Community into its first international mediating role, as EC leaders decided to dispatch three ministers to Belgrade.

Carrying a letter explaining why the EC had decided to invoke the conciliation procedures of the Conference on Security and Cooperation in Europe (CSCE), and an implicit threat to cut off nearly Ecu1bn (£700m) in EC aid, the foreign ministers of Italy, Luxembourg, and the Netherlands set off yesterday afternoon in the hope of meeting federal and republic leaders in Belgrade.

The Bush administration has been consulting closely with European allies on how best to promote a dialogue between the parties which could involve, at some future date, some form of autonomy within present borders.

Throughout the escalating crisis, the US has presented an unambiguous message to the secessionists in Croatia and Slovenia, putting the territorial integrity of Yugoslavia ahead of all other considerations.

The administration's unspoken fear is that if Croatia and Slovenia were allowed to break away, then other pent-up ethnic nationalism could erupt not just in the Balkans but also in the Soviet Union.

The EC mission to Belgrade is viewed in Washington as a useful step forward. Privately, however, US officials complain that the EC should have become involved in the Yugoslavian crisis in its earlier stages. "After all, it's not our problem," said one US official, "it's a European problem."

Burnt-out cars litter Ljubljana airport after bombing yesterday by the Yugoslav army

The EC summit is expected to stay in session today until the three foreign ministers return. Only after the EC mediators give the summit an assessement of their trip will the EC consider using its main leverage - suspending economic aid. This consists of a recently signed protocol giving Yugoslav Ecu807m in soft loans over the next five years, and more than Ecu100m in EC aid pledged to Yugoslavia in the context of the Group of 24 programme for Eastern Europe. Total pledges to Yugoslavia from all G-24 donors in the past two years amount to a Ecu3.6bn. The US and other G-24 donors may well follow any EC recommendation to freeze aid to the ailing Balkan federation.

Up to now, EC policy has been to urge Yugoslav republics to stay together, but without the use of force and in full respect of minority rights. Prime Minister John Major said yesterday "the first prize is to keep the federation together." But inside the summit meeting, he acknowledged that EC public opinion would tend to side with the Slovene separatists.

Mechanisms foreseen for preventing or containing conflicts in Europe are being put prematurely to the test by the Yugoslav crisis.

Ministers from the 35 countries of the CSCE, including the US and Canada, agreed in Berlin only last week on procedures for consultation in the event of "major disruptions endangering peace, security or stability."

After an initial 48-hour stage for attempting to clarify the situation, the procedure allows for all members to be called to an emergency meeting provided the state making the request is backed by at least 12 others.

Mr Hans-Dietrich Genscher, the German foreign minsiter, said yesterday the necessary quorum had been assembled for a meeting, which could be held in Prague on Sunday. However, the procedure leaves it unclear what action of any could then be taken.

It was agreed after objections by the Soviet Union that it could undermine the principle of non-intervention in internal affairs, and includes no powers for enforcing resolutions.

Austria and Italy have also invoked the CSCE's Conflict Prevention Centre. This can also call a meeting if a member complains of unusual military activity near its borders.

The centre, located in Vienna, was one of three new offices which heads of state and government decided to set up within the CSCE at a summit last November. The others were a secretariat in Prague and an office for free elections in Warsaw. The job of the Conflict Prevention Centre was to monitor military activities and exchange information.

However, the idea is described by described Western officials as having "hardly got off the ground". The CSCE process has developed much more slowly than seemed possible last autumn, partly because of events in the Soviet Union, they say.

The November summit foresaw "methods for the peaceful settlement of disputes, including mandatory third-party involvement".

The possibility of mediation missions was proposed at a meeting in Valletta, Malta, in January in the wake of the summit. However, this was conceived as a means for settling disputes between states rather than internal conflicts.

Mr Douglas Hurd, British foreign secretary, said yesterday: "You can only mediate between people who are willing to accept mediation, and we are not in that position now."

Slovenia 'only the first chapter in the break-up'

Judy Dempsey in Ljubljana sees the population responding with determination and confusion

"THE population is in distress and fear. The streets of Ljubljana are deserted. Two battleships have arrived in the territorial waters of Slovenia. Military planes have bombarded the city of Dravograd close to Slovenia's northern border."

This was the statement to the international community issued yesterday afternoon by the Slovenia Press Agency. For the past three days, the Yugoslav army has tried to force the government of Slovenia to retract the declaration of independence it issued on Tuesday night. But the republic's youth are determined to defend their independence.

"Of course there are too few of us. And the world is against us," said Mr Andrej Kobe, the head of the students' union at Ljubljana university. In Slovenia, there are more than 27,000 students.

Mr Kobe says students will fight. "Many of us belong to the Territorial Defence Unit (TDU) – special para-military and reserve forces. We have to defend ourselves. But we are very frightened. Students come to Ljubljana to study, not to fight."

At the same time, Slovenia's banking community is making preparations to establish a currency for the republic in order to loosen further its links with the federal government.

This may well be hastened after Mr Franc Arhar, the governor of the bank of Slovenia yesterday said that the National Bank of Yugoslavia had decided to impose a monetary embargo on the republic.

"We will defend the interests of Slovenes," said Mr Arhar. "We can manage. We will issue the population with coupons and vouchers, and then proceed towards establishing our own currency. The people are ready to accept this. It will be difficult," he added.

The streets of the capital, normally bustling with traders, buskers and booksellers selling from makeshift shelves, were quiet. People were whispering in the shops. The main noise came from radios in public institutions.

One woman who was drawing out her savings burst into tears after a radio broadcast on behalf of the Slovene authorities advised people to go to the air raid shelters.

'Here in Slovenia, we are sitting on a time bomb'

"We are expecting an air raid from the military," said Mr Igor Bavcar, Slovenia's minister of the interior.

"I cannot understand it. Why is the federal army doing this to us? Markovic [the federal prime minister] should be forced to resign," said the 73-year-old woman.

"I remember the war. I remember how the Slovenes defended themselves. But we are supposed to be trying to join Europe, which has been at peace for the past 45 years. But here in Slovenia, and in other parts of Yugoslavia we are sitting on a time bomb."

It is the fear of the future as much as concern about the present which is already haunting many Slovenes. Travelling across from Zagreb to Ljubljana on a local train, which stops at many small towns, several Slovenes were anxious to speak their mind.

"You know, madam, even if the army pulls out, it will solve nothing. We have big problems in Bosnia-Herzegovina, and in Kosovo. This is only the first chapter about the break-up of Yugoslavia. The first one has ended in blood. Can you tell me if the next chapters will be less violent?"

Prime minister's political future hangs in the balance

By Laura Silber in Zagreb

THE POLITICAL future of Mr Ante Markovic, the Yugoslav prime minister, yesterday hung in the balance following what seemed to be his approval of the federal army intervention in Slovenia.

Mr Markovic justified the crackdown by saying that "Slovenia had refused all appeals from the federal government and (I) could no longer take responsibility for the further development of events in the republic".

The military intervention followed a call by the federal parliament and government on Tuesday for the Yugoslav People's Army to "defend the country's territorial integrity" after the western republics of Slovenia and Croatia declared independence from Yugoslavia.

The prime minister seems to have counted on the European Community and the US, which have supported Yugoslavia's unity, to accept the use of the military to keep the country together.

An official from the Croatian government yesterday dismissed the possibility of a split between Mr Markovic and the army. He said: "It is the same scenario as in the Baltic republics. No-one in the west believed 'our Gorby' could be responsible, so they started speculating that the generals were the culprits."

It is more likely that the federal government and the army expected the intervention in Slovenia to be a tightly controlled operation with no loss of human life or destruction of property. At least 12 people have been killed and scores injured in Slovenia. It was expected the tiny republic would immediately back down from its declaration of independence.

The army says it originally sent in a total of 2,000 troops in order to secure Slovenia's borders, according to its constitutional obligation.

A member of the federal government yesterday said: "Mr Markovic and the parliament told the army what to do, but not how. Mr Markovic does not control the army."

But the army remains without a commander in chief. The Yugoslav state presidency, the country's collective leadership, has been paralysed since last month. Meanwhile Mr Markovic with a pared-down cabinet, which includes Gen Veljko Kadijevic, the defence minister, have tried to keep the federal government functioning.

But Mr Markovic is in a delicate position. The federal government is made of representatives from Yugoslavia's six republics. "He has to avoid a split in his government. If that happens, then the last Yugoslav institution dies," one member of the federal government said yesterday. The prime minister has had to practice a balancing act between the independence-minded western republics, Bosnia-Hercegovina and Macedonia on one side, and the republics of Serbia and Montenegro on the other.

At times it has seemed the prime minister, lacks support in all the republics, except for Bosnia and Macedonia, whose future, like that of Mr Markovic, hinges on the survival of Yugoslavia.

Gorbachev pressed to quit party post

By John Lloyd in Moscow

PRESSURE on Mr Mikhail Gorbachev, the Soviet President and Communist Party general secretary, to quit his party post and perhaps even the party itself is mounting - from both sides of the Soviet political spectrum.

Hard liners in both the Russian and Soviet Communist parties are stepping up attacks on his attempts to decentralise powers ... the republics and to attract Western aid for radical economic reforms.

The first secretaries of eleven city and regional Communist parties in Siberia have warned of "an increasing slide into capitalism" and "the collapse of statehood", while the Novosibirsk city party committee has demanded an emergency party congress of the CPSU to discuss the "inconsistency" of the leadership.

Further calls have been made for a central committee plenum of the Russian communist party, at which even the future of Mr Ivan Polzkov, the hardline general secretary, may be on the line for alleged weakness following his statement that he would not seek to destabilise the position of Mr Boris Yeltsin, the newly elected president of Russia. The plenum may take place on July 7.

At the same time, the radical and democratic wing is discussing the formation of at least one new party, which some see as offering a support for reform-minded communists - including Mr Gorbachev - to leave the hardliners behind and construct a new base.

Mr Gavril Popov, the mayor of Moscow, yesterday said a new party, to be called the United Democratic Party of the Soviet Union, should be formed to attract a range of centrist forces which could exercise power at the centre.

Discussions on the formation of a new party have been held in recent days between Mr Popov, Mr Anatoly Sobchak, the mayor of Leningrad and Mr Eduard Shevardnadze, the former foreign minister.

Mr Gorbachev , who last week harshly criticised hard liners in a speech to the Supreme Soviet, is now apparently willing to confront his conservative wing in a way he has not done for many months.

Under the terms of the draft Union treaty, he will have to face an election within the next year - an election he could not expect to win if still leader of a communist party which plunged to humiliating defeat in the Russian presidential elections.

Soviet leaders warn of growing crisis

By John Lloyd in Moscow

SENIOR figures in the Soviet power structure warned yesterday of further economic crisis - belying the more upbeat note which Mr Valentin Pavlov, the Prime Minister, has been trying to strike.

At the same time, the draft law on privatisation, seen as crucial in the transition to a market economy, was again bogged down in acrimonious debates within the Supreme Soviet, and discussion on it will continue next week.

Several deputies said that they had recieved "warning letters" from the central committee of the hardline Russian Communist Party, warning them that their support for the bill would bring calamity on them and their families. Mr Nikolai Medvedev said in an interview that the letter was "clearly threatening".

The preamble to the bill, which lays out a two stage process of "destatisation", or turning state-owned property into joint stock companies, followed by privatisation, or selling the shares to individuals, cooperatives and corporations, was passed, together with about half of the 26 clauses.

Mr Anatoly Lukyanov, the Supreme Soviet chairman, urged passage of the bill on the grounds that "wild privatisation" was occurring in an unregulated way - while assuring deputies the "bulk of property will not be privatised".

In an interview with Radio Moscow, Mr Vladimir Shcherbakov, the first deputy Prime Minister, warned that ther budget deficit could leap to Rs300bn by the end of the year and said that "very tough restrictions" on fuel might have to be introduced in order to give priority to transport for bringing in the harvest.

Chrystia Freeland adds from Kiev: The Ukraine, which on Thursday upset Mr Gorbachev's hopes to conclude a union treaty this summer, yesterday took a step towards thwarting Mr Pavlov's plans to control economic reform from the centre by adopting a separate Ukrainian economic stabilisation period.

Comecon put out of misery after 42 years

By Nicholas Denton in Budapest

THE Soviet Union and its former communist allies yesterday put an end to the dying agonies of Comecon, the trade organisation that had roped their economies together for 42 years.

At a ceremony in Budapest, the nine member countries – the Soviet Union, Poland,Czechoslovakia, Hungary, Romania, Bulgaria, Mongolia, Cuba and Vietnam – formally dissolved the Council for Mutual Economic Assistance (Comecon) with effect in 90 days.

"Comecon was unable to give answers to the challenges of a changing world," said Mr Bela Kadar, Hungarian minister of international economic relations and host of the organisation's 46th and closing session.

Other east European ministers gave equally damning obituaries. "I believe that Comecon was a dead body and it was right that it should go to its end," said Mr Aleksandr Tomov, Bulgarian deputy prime minister.

Yesterday's agreement marks the untangling of another knot of east Europe's imposed ties with the Soviet Union – to be followed within the next week by the deadline for Soviet troops to leave Czechoslovakia and Hungary, and a Warsaw pact summit to discuss dissolution.

Comecon's only successor is a liquidation committee, given 90 days to work out the distribution of the Moscow headquarters and other common assets. The participants revealed no progress on a proposal to set up a forum for multinational consultation.

East European countries remained hostile to any follow-up grouping which included Mongolia, Vietnam and Cuba, or which was reminiscent of Comecon. Polish and Bulgarian representatives said it should include only those countries with a similar pace of economic reform.

A priority for future co-operation, multi and bilateral, is to slow the disintegration of trading links.

Walesa rift with parliament deepens

By Christopher Bobinski in Warsaw

A RIFT between President Lech Walesa and the Polish Sejm, parliament's lower chamber, deepened yesterday when the house overuled his veto on the country's new electoral law.

The president arguedthat the law would lead to unstable parliamentary majorities and weak governments. He has threatened to dissolve parliament if it continued to defy him.

Yesterday only 100 deputies voted with Mr Walesa and 282 voted against the veto, thus providing the two-thirds majority needed to overule him. With the vote the draft automatically became law.

The constitution says elections must take place by the end of October and the president has little choice but to call an election within the next few days if wants to keep to the constitutional timetable.

Mr Walesa has in the past few days made much play with the fact that the present Sejm enjoys a flawed legitimacy as it was elected in June 1989 under a contract with the then ruling communists reserving 65 per cent of the seats for them and their allies.

The conflict has gone far beyond a mere difference of opinion over the relative merits of various voting methods. Yesterday Mr Jacek Kuron, a Democratic Union leader, said the president wanted "to bring parliament to its knees". Mr Walesa has openly attacked the UD party for voting against him.

PO scraps broking plan after collapse of firm

By Richard Waters

A PLAN to bring stockbroking to every Post Office in the country has been abandoned after the collapse of one of the companies backing the idea.

The plan, promoted by Girobank, the recently privatised bank which operates through the Post Office, would have created the UK's first mass-market share dealing service.

The Post Office has 20,000 outlets, substantially more than the 2,500 branches of Barclays Bank and 3,000 branches of National Westminster, the largest rival networks offering stockbroking services.

Girobank put a joint proposal to the Treasury earlier this year with Diameter, a stockbroking firm, for a share dealing service to be launched through Post Office Counters, the company that runs the Post Office's counter services.

After the appointment of a liquidator to Diameter last week, however, Girobank said it had withdrawn the proposal and told the Treasury that it had no further plans to get involved in stockbroking.

The planned launch was designed to coincide with the sale this autumn of some of the UK government's remaining shares in British Telecom, and followed appeals by Mr Norman Lamont, chancellor of the exchequer, for new retail stockbroking services to handle the BT sale.

Diameter's collapse marked the end of an ambitious attempt to build a cheap retail broking business, but which never recovered from difficulties encountered early on with handling the large number of bargains when the electricity distribution companies were floated.

Most of Diameter's business has been taken over by Sharelink, the British Telecom-owned stockbroker which handles about 10 per cent of all stock market transactions. Mr David Jones, Sharelink chief executive, said it hoped to revive the idea of using the Post Office as a stockbroker. He said: "We will be making contact with Girobank. We would be interested in working with them."

Meanwhile, Marks and Spencer, which has been targeted by several stockbrokers with a view to a joint venture, said it had no plans to get into the broking business. "We rejected the idea," said Mr Tony Long, company secretary. "We thought it was a non-starter. It's not our business."

Major pays tribute with a sigh of relief

By Philip Stephens, Political Editor, in Luxembourg

THE QUESTION was the obvious one as Mr John Major scurried between meetings at the European summit in Luxembourg: "Are you pleased?"

The prime minister understandably ducked it, offering instead a succession of tributes to Mrs Margaret Thatcher. He had known for a "little while" but it had been her decision alone to quit the Commons at the next election after 32 years. She would be a great loss.

No one standing close to the prime minister could have missed the sense of relief with which the words were uttered.

There is no doubt at all that Mr Major greatly admires the achievements of his predecessor. But there is no question of his impatient anxiety to walk out of her shadow.

He cannot step instantly into the light. Mrs Thatcher intends to play an "active part" at Westminster in the run-up to the general election. Barring an extraordinary resurgence in the Conservatives' fortunes, that means she will brood on the back benches until 1992. She then intends to exercise her option of a seat in the House of Lords.

Mr Major must hope, though, that by joining the already large group of her most fervent supporters who have announced their decision to retire as an MP she has diminished her capacity for destruction. The already absurd speculation among a few of her praetorian guard that she might yet return to Downing Street will no longer persuade even the most credulous.

The timing of the formal announcement could not have been more apposite.

Only three days ago Mrs Thatcher fired the House of Commons with a passionate denunciation of the federalist ambitions of Britain's European partners. She offered her full support for her successor – but only if he wore the straitjacket of national sovereignty that contributed so much to her downfall.

Yet in Luxembourg Mr Major was already loosening the buckles. Mrs Thatcher had made clear on Wednesday that, for her, keeping Britain in the mainstream of Europe meant keeping it at the "centre of the battle". For Mr Major, as he indicated in the negotiations yesterday on economic and monetary union, it means keeping it at the centre of the inevitable compromise.

There was no open retreat from the fortifications dug by his predecessor, but the subtle shifts in the language of the British delegation pointed the way to the ordered withdrawal.

The "hard Ecu" plan which Mr Major once persuaded Mrs Thatcher to table as a halfway positive alternative to the Delors blueprint for monetary union is being put aside as he considers more conventional routes to a single currency. The prime minister seems ready to accept a published timetable for sterling's absorption into a single currency as long as the dates are "indicative" and Britain is given a "let-out clause".

For Mrs Thatcher, who appears to regret even her decision to take sterling into the exchange rate mechanism, that amounts to capitulation. She believes that the coinage that has served Britain well for 700 years should survive for another 700.

The concessions that Britain will be forced to make if it is to be part of an agreement on political union are still more abhorrent. Even if Mr Major persuades his partners to drop any reference to a "federal" destiny, they will insist on the widening of the community's competence to which she is so passionately opposed.

In her interviews yesterday there was more than a hint that she saw her announcement as a passport to speak more, rather than less, frankly about her alternative vision of a Europe of nation states. Her capacity to grab the headlines and expose the divisions in her own party over Europe will begin to diminish.

Mr Major cannot be sure, though, that it will give him enough margin of manoeuvre to strike the deal he must at the Maastricht summit in December. Mrs Thatcher, he commented, was a "formidable politician who has spent the whole of her life fighting for Conservative victories".

He must hope she does not change now.

Feeling blue: a delegate at the Tory women's conference wipes her tears on hearing of Margaret Thatcher's decision

Thatcher's departure provokes job offers

By Simon Holberton

MULTINATIONAL companies are lining up for the privilege of having Mrs Margaret Thatcher sit on their boards of directors.

The former prime minister may no longer be able to find a role in helping run Britain, but headhunters in London say she is being actively sought by multinationals.

Egon Zhender, the Swiss headhunter, has been engaged by a number of big companies, some American, to secure the services of Britain's longest-serving prime minister this century.

Mr John Grumbar, head of Zhender's London office, said the company would have no difficulty in presenting Mrs Thatcher with "a portfolio of extremely interesting appointments.

"We have clients who would very much like to talk to her. A number of world-class corporations would give anything to have her on their board. I don't have a blank cheque but I do have several requests."

Mr Grumbar said the demand for Mrs Thatcher's services probably exceeds the amount of time she would want to commit to corporate managment. But, for one day's work a month per appointment, she could expect to have a personal jet laid on together with appropriate security arrangements and fees in the many tens of thousands of pounds.

Other headhunters expressed reservations about Mrs Thatcher's value to companies today. One said: "Her personality may be deemed too strong and difficult for managers in today's marketplace, where flexibility and team work are valued highly."

Rediffusion Simulation to cut 600 jobs at Crawley plant

By Andrew Taylor

REDIFFUSION Simulation, one of the world's three largest manufacturers of flight simulators, announced yesterday that it was making 600 workers redundant at its principal manufacturing plant at Crawley, West Sussex.

The company, part of Hughes Aircraft of the US, blamed the job losses on the deepening recession in the aircraft industry and cuts in defence spending worldwide which have followed the improvement in relations between the US and Soviet Union.

It said the redundancies would reduce the Crawley labour force to about 2,000. The job losses would affect technical and administrative staff and all levels of management.

Rediffusion said its main market was the sale to airlines of pilot training flight simulators, worth up to £10m each. It estimated that world airlines had lost about £2.5bn since the beginning of this year, as the number of people flying had fallen sharply because of the economic recession and the Gulf war.

The British company's main rivals are CAE of Canada and Thomson-CSF, the French electronics group which last year acquired Link Miles, the UK military and commercial flight simulator maker, for $100m (£59m). The redundancies are the latest of a series of job losses and rationalisation measures to sweep the aerospace industry as orders for civil and military aircraft have fallen.

British defence and aerospace companies are estimated to have announced the loss of nearly 30,000 jobs since the beginning of this year.

Rolls-Royce last month announced plans to double to 6,000 the number of jobs it wants to cut from its aerospace division this year.

The company subsequently withdrew dismissal notices issued to the division's 34,000 workers after threats of union action. The company had said the dismissal notices were a legal technicality to facilitate a six-month pay freeze.

British Aerospace in March announced reductions of up to 4,700 jobs at seven plants in the commercial aircraft and guided weapons divisions.

More recently, Dowty Group announced plans to cut 450 jobs representing about 15 per cent of its aerospace division.

Daimler offers more contracts

By John Griffiths

DAIMLER-BENZ, Germany's largest industrial group, yesterday met in London with 100 British component companies in the motor, electronics, aerospace and other sectors, with the declared intention of increasing the DM1bn (£341m) worth of components it buys from the UK each year.

Yesterday's meeting, organised in collaboration with the Department of Trade and Industry, represented the culmination of earlier talks with some 350 companies interested in Daimler-Benz business.

The German group, which embraces Mercedes-Benz cars and trucks, electronics group AEG and Deutsche Aerospace, buys in some DM50bn worth of goods and services every year, from a total of 60,000 suppliers around the world.

However, its supplies from outside Germany account for only a small percentage of the total.

France is its largest supplier outside Germany, followed by the US, with the UK third. However, even annual purchases from France are little larger than those from the UK, at DM1.2bn, with DM1.1bn spent among US suppliers.

Dr Gerhard Liener, management board member responsible for finance and material, declined to elaborate on the extent by which Daimler-Benz wanted to increase its purchases in the UK, or on how big the eventual increase might be in the actual number of UK suppliers. At present there are 400.

The biggest areas of opportunity for UK suppliers are expected to be vehicle components, including electronics, given that well over half of Daimler-Benz's DM85.5bn turnover last year arose from car and truck sales.

Dr Liener warned that the process of securing contracts for UK suppliers might be lengthy while their ability to meet strict quality and other standards was assessed. However, the decision to seek increased supplies from outside Germany was a matter of long-term policy. It reflected both Daimler's move to a global sourcing strategy and a preparation for the single European market.

College for NHS managers announced

By Alan Pike

THE ESTABLISHMENT of a National Health Service management college to help produce the high-quality staff needed to run the reformed service was announced by Mr William Waldegrave, health secretary, yesterday.

He said: "I want the NHS management centre to become as famous as any of those which industry and the armed services have developed – we have people just as good and they deserve the best."

Mr Waldegrave told the National Association of Health Authorities and Trusts conference in Bournemouth that the centre would provide a focus for developing senior managerial talent. It would also be a forum for managers and medical staff to shape health policies and implementation strategies. The government's reforms of the NHS have put management into the front line, making it much more complex and controversial.

The Department of Health is at present seeking a suitable property for the centre.

Mr Waldegrave also announced a nationwide survey of a sample of 4,000 adults, beginning in September, to provide more information on the nation's health. It will focus initially on cardiovascular disease and later be expanded to other conditions.

The survey will provide an information base for plans announced by Mr Waldegrave last month to target health resources to bring about measurable improvements in health standards.

Mr Waldegrave told the conference that patients rather than providers would "call the shots in future", with health services shaped to meet local needs. The NHS reforms were at the heart of the government's proposals for a Citizens Charter. He said there would be a strong health element in the forthcoming white paper.

Tories mourn for 'nation's mother'

By Ivo Dawnay, Political Correspondent

EVEN AMONG the most doggedly no-nonsense Tory ladies there were some damp eyes.

When Mr Chris Patten, the party chairman, read out Mrs Thatcher's brief announcement to the 1,000 delegates to the annual women's conference in London, the gasp was of genuine pain.

But that remarkable regiment of Tory womanhood – accustomed to soldiering on whether through electoral defeat or rained-out fêtes – is as short on public displays of sentiment as it is long on stiff upper lips.

Composure and seeing the bright side were not far behind. "You can't turn back the clock," was the practical view of Mrs Joy Phillips from Dorset. "Nature abhors a vacuum and she will contribute to the future."

In spite of that, Lady Olga Maitland, founder of the pro-nuclear Women and Families for Defence group, admitted there was still some residual resentment to the male-dominated parliamentary party which had contributed to the demise of the "mother of the nation".

Just a few hundred yards away in the nearly deserted Commons, some Tory MPs were nevertheless confessing to lumps in their throats. "She just doesn't want to rain on John Major's parade," said Mr Ivan Lawrence, MP for Burton. "There are other pinnacles to climb and she's too big for the back benches."

One senior cabinet minister associated with the Euro-sceptical wing of the party confessed his sadness, adding: "She will become a declining force now."

Official Torydom paid fulsome tributes. Mr Patten described his former leader as "one of the greatest prime ministers" in British history. "Her three administrations reversed Britain's decline," he said. "It is imperative we safeguard those achievements. She will still have a formidable role to play on the world stage with her unrivalled experience of international affairs."

Even so, evidence of a potentially dissident "Thatcherite" faction also surfaced among the tributes. Mr Norman Tebbit, the former party chairman, praised his old friend and colleague for "exorcising" the spectre of Britain as ungovernable, adding: "In time, perhaps before long, it will be her vision of Europe which will be seen to be right."

From the opposition, Mr Paddy Ashdown, the Liberal Democrat leader, was the most generous. "I have fought her tooth and nail and disagreed with her policies, but I think the House of Commons will be poorer without her."

For Labour, Mr Neil Kinnock's eye did not falter from his lifetime's objective of being Mrs Thatcher's successor but one as tenant of Number 10 Downing Street. "I think," he said with acerbity, "that we will take Finchley."

Patten makes his pledges to Tory women

By Alison Smith

THE TORIES will not manipulate the economy to generate a pre-election boom, but they will wait to call the election until there are signs that their economic policies are working, Mr Chris Patten, the Tory party chairman, said yesterday.

Mr Patten repeated the government's forecast that there would be the beginnings of a "slow and sustainable" recovery in the economy in the second half of the year.

However, he gave a warning that he would not pretend that "we are going to come galloping out of this recession at breakneck speed".

Mr Patten told the Tory women's conference that the government was "not going to put at risk the long-term strength" of the economy.

He said: "We are going to win the next election by taking the right decisions, by sticking to the right decisions and by starting to see those decisions pay off before polling day."

Mr Patten also offered a sustained tribute to Mr John Major's leadership qualities, both during the Gulf war and in tackling a range of domestic policies such as replacing the poll tax.

He knew, he said, that the prime minister would come out of the negotiations on the future of the EC with "a deal that is good for Britain and good for Europe, because he's a man who gets things done".

Mr Patten won an enthusiastic standing ovation for a speech that included an extended attack not only on Labour in general but on Mr Neil Kinnock, the Labour leader, in particular.

Commending the women's organisation of the party for continuing to work instead of occasionally panicking, Mr Patten added: "I hope the rest of the party takes your example to heart."

Conduct of banks to be studied

BRITISH Chambers of Commerce, the organisation which represents local chambers, is to order a study of banks and business relationships in light of the recent row about bank charges for small companies, *David Lascelles writes.* It will be conducted by the Department of Business Studies at Birmingham University, and will be completed by October.

National newspapers face advertising cut

By Raymond Snoddy

BRITAIN'S national newspapers are suffering their worst advertising recession this century, according to research by the Henley Centre for Forecasting.

It is widely believed that the present state of the advertising market is the worst since the recession of 1974. The Henley Centre found in a private study for The Independent newspaper that, particularly for broadsheet newspapers, it is also worse than 1932-34 and 1921-22.

In 1980-81, the last significant advertising recession, advertising rose by 2 per cent in real terms. In the present recession, national newspaper advertising fell by 11 per cent in real terms in 1990 and a further 12 per cent decline is forecast for this year.

The recession, the Henley Centre believes, has affected broadsheet papers still more severely. Advertising revenue fell by 14 per cent in 1990 and this year it is forecast that the drop will be 16 per cent.

In spite of the sharp fall in advertising revenue, The Independent has decided to increase the number of pages and hold the cover price of the paper.

The Independent dropped eight pages a week in response to the recession but has now decided to put them back from September.

The Independent has cut more than £2m a year from its costs through moves to integrating the daily and Sunday title. The Independent and The Independent on Sunday may be losing £3m a year.

In the past nine months the total number of staff has fallen from 695 to 580.

Heseltine warns on council competition

By Richard Evans

A CAMPAIGN against local authorities that fail to inject competition into local services, and an early extension of compulsory competitive tendering into professional services was signalled yesterday by Mr Michael Heseltine, the environment secretary.

He said that against detailed research evidence on the benefits of competitive tendering, it was "unacceptable that a minority of authorities should devote so much effort to depriving their citizens of the benefits of competition".

Mr Heseltine told the annual conference of the Association of District Councils in Brighton: "We know about the delaying tactics – slow or over-elaborate contract specification, questionable treatment of redundancy costs . . . and even allegations of blatant cheating. We will not permit those abuses to continue unchecked."

He accepted that most of local government took a more positive view and was ready to build on the experience gained. "Now it is time to see how we can extend the benefits of market forces into the professional and white-collar services," he said.

Some local authorities were already making progress on their own initiative in areas such as computer services, property and housing management, he said. Other councils should be encouraged to follow that lead.

The government's intention was that the best-performing authorities should be able to go about their business unconstrained, while those who failed to deliver would find themselves hamstrung. "If the poor performers end up feeling like puppets on a string, they have only themselves to blame," Mr Heseltine warned.

The theme of his speech was that the local government reforms were not a move towards concentrating power at the centre, but were about pushing power out from local authorities to the people.

Cleveland jobs go

CLEVELAND STRUCTURAL Engineering, a Trafalgar House subsidiary in Darlington, County Durham, said yesterday it was seeking 50 white-collar volunteers for redundancy from a total workforce of 1,000. The company, formerly known as Cleveland Bridge, blamed the job losses on the depressed construction market and overcapacity.

Nursery proposal

CHILD-CARE vouchers were the most flexible answer to the problem of looking after children, Mr Paddy Ashdown, Liberal Democrat leader, said yesterday. Tax-free vouchers provided by employers should be used to pay for care at nurseries or workplace crèches, he added.

Damage-limitation claim over Blue Arrow is denied

By John Mason

A CLAIM that National Westminster Bank has been engaged in an enormous damage-limitation exercise over the Blue Arrow affair was denied yesterday by Mr Tom Frost, the bank's chief executive.

Rejecting the suggestion from Mr Jeremy Roberts, QC, Mr Frost told an Old Bailey court that NatWest's internal report into the handling of the 1987 Blue Arrow rights issue was an attempt to find out facts and present them fairly.

However, Mr Roberts, for Mr Jonathan Cohen, a defendant and former County NatWest chief executive, insisted that the report's failure to tell the Department of Trade and Industry of NatWest's breach of the Companies Act disclosure rules could not have been a mistake. NatWest had bought more than 5 per cent of Blue Arrow shares, the figure above which purchases have to be disclosed.

"It is the one point on which NatWest was vulnerable," he said. Mr Frost replied that it was a genuine mistake.

Mr Anthony Hooper, QC, for Mr David Reed, a defendant and former County director, said documents showed that before the report was submitted, the NatWest chief executive's office had been given figures by County indicating that NatWest had breached the disclosure limit.

It could not be claimed that County had misled the parent bank over the matter, he said. Mr Frost replied: "It may be that is right".

County NatWest, NatWest Investment Bank, UBS Phillips & Drew Securities and seven individuals deny conspiring to mislead the markets over the outcome of the £837m issue.

The court also heard that in February 1988 Mr Charles Green, a former NatWest deputy chief executive, had briefly discussed NatWest's handling of the affair with Mr Robin Leigh-Pemberton, governor of the Bank of England.

According to Mr Green's note, Mr Leigh-Pemberton had asked whether NatWest was sticking to its strategy and was told the report would be submitted to the DTI, said Mr Alun Jones, QC, for Mr Stephen Clark, a defendant.

The two men then discussed Sir Robin's anxieties about moral and ethical quandaries in the City, and the governor suggested that the recently retired Dean of St Paul's Cathedral could have helped more in his pastoral capacity.

The trial continues on Monday.

Incomes protest

INEQUALITIES in the incomes of men and women have widened under Conservative rule, with women's average earnings only 76 per cent of men's, Ms Jo Richardson, *shadow minister for women*, said yesterday.

She said lack of child-care facilities and poor maternity rights were worsening the position of women workers.

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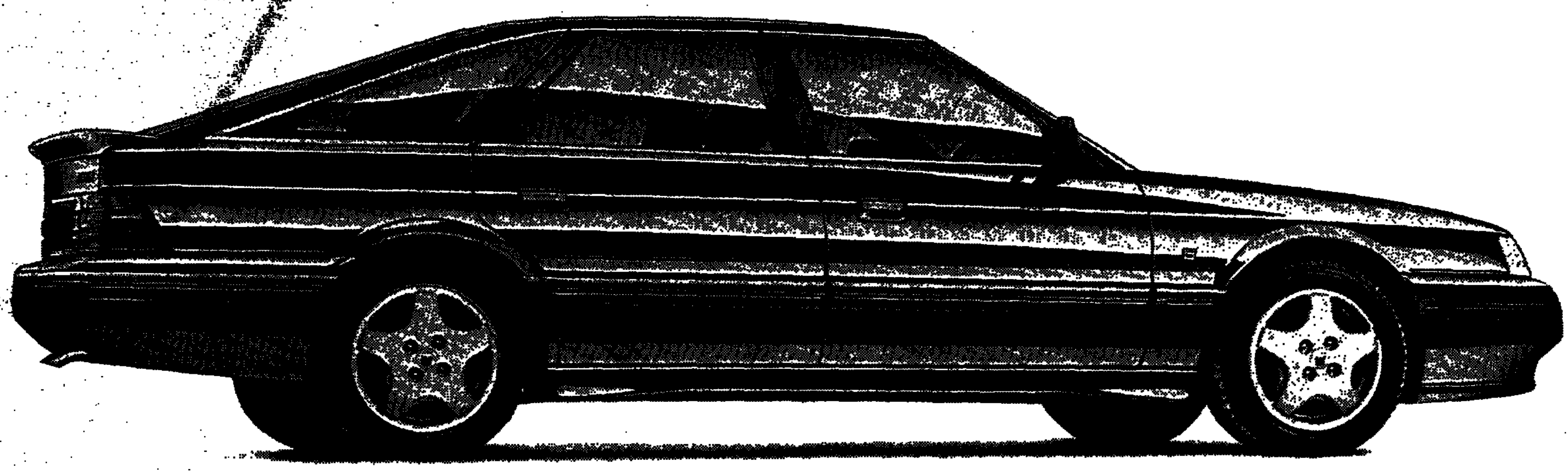

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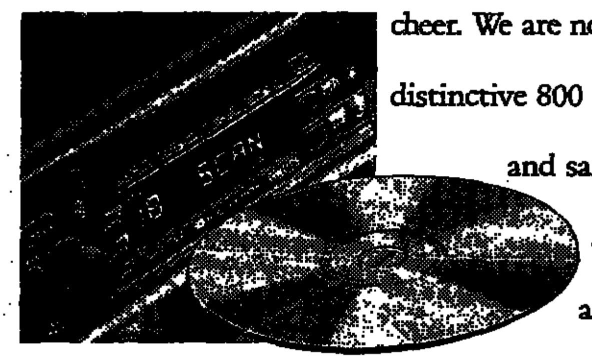

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Saunders is freed from Ford prison on parole

By Raymond Hughes, Law Courts Correspondent

MR ERNEST SAUNDERS was freed on parole from Ford open prison in West Sussex yesterday, 10 months to the day after being sentenced for his part in the Guinness affair.

Since Monday the former Guinness chairman and chief executive, who has been diagnosed as suffering from pre-senile dementia, has been in the King Edward VII Hospital at Midhurst, West Sussex. The hospital said yesterday he was likely to remain there a few more days.

His elder son, James, said the family was "very, very pleased" that their father had been freed.

The Home Office said the home secretary had accepted the recommendation of the local parole committee that Mr Saunders should be released. It said he had not been treated as a special case but his health would have been taken into consideration.

Mr Saunders was the central figure in the 6½-month trial, dubbed "the City trial of the century". He and others were accused of involvement in an unlawful share support operation mounted by Guinness during its takeover battle with the Argyll supermarket group for Distillers in 1986. He was convicted on 12 charges: two of conspiracy to create a false market, two of the theft of a total of £7.7m from Guinness, and eight of false accounting with intent to cause loss to Guinness of about another £13m.

Mr Justice Henry sentenced him to five years in jail but the sentence was halved by the Court of Appeal last month after it had rejected Mr Saunders' appeal against all but one of his convictions.

The appeal judges said his medical condition did not justify his immediate release but they decided the sentence was "substantially too high".

Throughout the trial Mr Saunders denied that he had been guilty of any criminal offence. He claimed he had been the victim of conspiracies involving Guinness's professional advisers; the "City mafia"; and the government.

Sentencing Mr Saunders, Mr Justice Henry said he had been found guilty of dishonesty on a massive scale. "I doubt whether you were the inventor of the unlawful share support scheme . . . but have no doubt whatever that without your knowledge and approval that scheme would not have gone ahead."

The judge described Mr Saunders as a very determined and singleminded man, used to getting his own way and relentless in pursuit of it.

"While those attributes were harnessed to the revival and development of Guinness they were a force for good within that company, and its success stands to your credit."

Nevertheless Mr Saunders had been "sucked into dishonesty by the ethos of bitterly contested takeovers in the mid 1980s", the judge said, adding that "but for the pressure of events, it is unlikely you would ever have embarked on criminal activities".

Only one of Mr Saunders' co-accused now remains in jail. Mr Anthony Parnes, a City stockbroker, whose 2½-year sentence was reduced to 21 months on appeal, is to be released from Ford on July 28.

Mr Gerald Ronson, Heron group chairman, was released from Ford in February after serving just under half his 12-month sentence. He was also fined a record £5m.

Sir Jack Lyons, the millionaire financier, the only one of the Guinness Four not to be jailed, was fined £3.5m. He was stripped of his knighthood because of his convictions.

Car dealers stalled in a buyer's market

Paul Cheeseright on how West Midlands motor traders are faring in the recession

NATIONAL statistics have got nothing on what is really happening, according to Mr Paul Muckle, sales manager for Neale's Garage, the Fiat dealer in Bromsgrove, contemplating gloomily the lot of the car salesman.

Mr Keith Arnold, sales manager of Adams of Tipton, a Vauxhall dealer, observed: "I would say we're 30 per cent down – that's the norm across the trade."

New car showrooms across the West Midlands, heart of the motor industry, are less than cheerful. UK new car registrations for 1991 are likely to be 17.5 per cent down on 1990, according to the Society of Motor Manufacturers and Traders. Ford, the car maker, this week announced short-time working plans. The catalogue of dealers going into receivership is lengthening. Rumours proliferate of a coming price war between the manufacturers. Stories abound.

"Buy a Granada and a get a Fiesta free" has already passed into folklore. Everybody knows somebody who has done a spectacular deal, such as the man contemplating a Ford Scorpio with extras, priced at about £25,000, who drove away from the showroom with the same model, slightly used as a demonstration vehicle, for £12,000.

Spectacular deals are probably thin on the ground and result from desperation among dealers. Mr Peter Sandles, principal dealer at Lakeside Motors, the Redditch Lada dealer, said: "Sharp discounts are the road to ruin. Not many dealers will go down the discount route at all."

There is not much room to manoeuvre. The average margin a dealer obtains over the manufacturer's price is between 14 and 17 per cent. With car sales down, "it is a kamikaze route to take less profits", said Mr Arnold. There are cases, however, where dealers may find it cheaper almost to give cars away, by cutting their margin back to 1 per cent, than face the financing charges of holding on to them.

Banks loom in the background and car dealers are not exempt from their general stringency. Mr Sandles recently received a letter out of the blue from his bank, cutting his overdraft limit by 25 per cent. Rather as in the housing market, there has frequently been a dearth of interest. "The main thing over the last few months has been the shortage of customers coming in," said Mr George Ostroumoff, managing director of Bordesley Garage, Citroen dealer in Redditch. There are flickers of interest for new models, for example, like the new Citroën ZX range or the Renault Clio. But there is a fundamental snag.

Mr Paul Williams, managing director of Bristol Street Motors in Birmingham, the biggest Ford dealer in the Midlands, said: "There's nervousness about extending monthly payments. There's concern about employment, redundancy. It doesn't matter what you advertise, what you say, there's this inherent fear."

Against that background it is surprising that sales campaigns have not been more aggressive.

Such campaigns work at two levels. They are started by the motor manufacturer, but individual dealers may decide to spice up what is on offer generally. Mr Stephen Corke, sales manager of Bell's Garage, the Rover sales outlet in Halesowen, said: "There's nothing so far in the current market campaigns of the majors which suggests the unease they feel. They're doing the same sort of promotions they normally do." Free warranties and frilly toys had worn a bit thin, in his view.

The obvious stimulant is to drop prices. Fiat, said Mr Muckle, is offering its cars at 1989 prices. Mr Arnold added: "Nissan has reduced its prices. It will be interesting to see what happens among the others, but there's nothing in the pipeline from Vauxhall to reduce theirs."

Rather, the trend among manufacturers is to try to make it easier for people to buy at existing prices by, for example, the common 0 per cent finance for a specified period. Or, as with Citroën, to offer a gift for a commitment to purchase: a choice of his-and-her mountain bikes, a Cartier watch, a Camcorder or a made-to-measure Burberry suit for those who sign up for a J-registered XM.

After that, it is up to the dealer. Neale's Garage will extend the one-year 0 per cent finance of the manufacturer's package to two years. For regular customers, most dealers will show a percentage point or two of flexibility with their margin. The main room for negotiation, however, will probably be on the trade-in price of a customer's car.

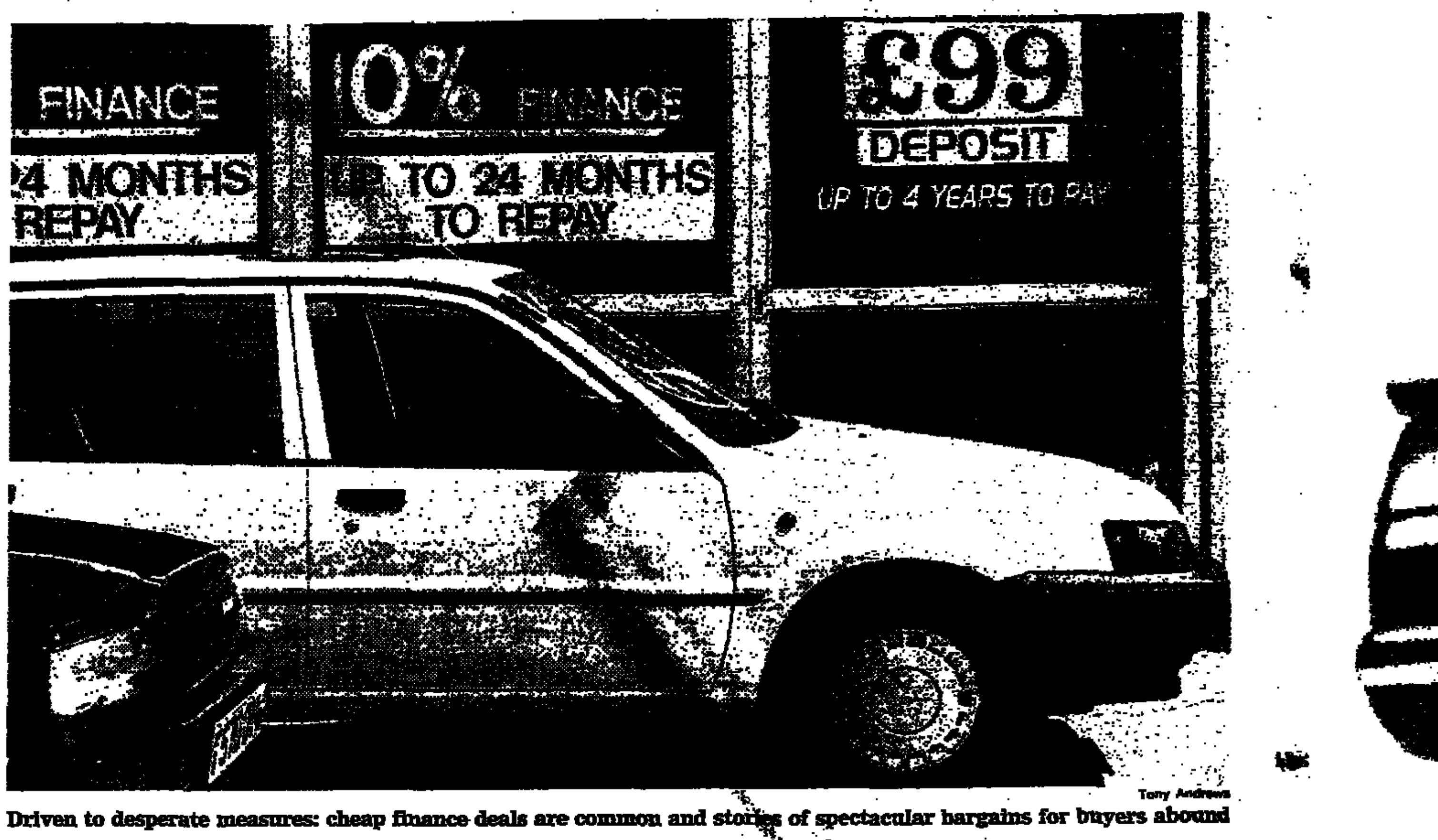
There are two reasons for that. First, in varying degrees dealers are under pressure from manufacturers to "move more metal", as they say. Dealers want to raise their throughput to obtain incentives and bonuses from manufacturers. The second reason relates to the state of the used car market.

"The used car market is quite good, although it is suffering a bit now from the general fear [of people and companies to spend]", Mr Williams said.

Mr David Carruthers, managing director of Hartwell Smithfield, the Birmingham Volkswagen-Audi dealer, said: "One of our problems is keeping a good supply of used cars; it's a fairly general problem." Where once a new car would be bought, buyers are now more ready to buy the nearly new. "Those dealers which are geared up to attack the used car market professionally will do well," said Mr Corke.

That is a streak of silver lining for dealers, if not for manufacturers. The next few weeks may be difficult for both. July new car sales are likely to be dull before the new registration year begins in August. Ford advance orders at Bristol Street Motors are actually higher this year than last.

That said, not all dealers are bleeding to commercial death. Shukers of Ludlow has just spent £600,000 on moving to new premises. It has a convenient market niche – Land Rovers, Discovery and Range Rovers. Mr Stewart Corrie, manager, said: "I'm not saying we're making a fortune, but we're in a better position than the general fleet people."



Tony Andrews

Driven to desperate measures: cheap finance deals are common and stories of spectacular bargains for buyers abound

Vosper hopes for orders

VOSPER THORNYCROFT, the Southampton-based shipyard, was hopeful yesterday that orders for Sandown class minehunting vessels would come eventually in spite of a government decision to postpone them for the time being, writes David White.

It won the orders for the first five of the new minehunters for the Royal Navy, and was competing with other shipyards in bidding for up to seven more.

Mr Martin Jay, managing director, said the decision to let the tenders lapse was "very much in line with our expectations". The tenders were due to expire next month. He added that Vosper was considering joining the bidding for the next batch of UK frigates.

Transport union votes against BR pay reform

By Andrew Adonis

BRITISH RAIL'S longstanding effort to restructure pay and working practices among its 134,000 employees met a sharp rebuff yesterday from the RMT transport union, which represents more than 80,000 of them.

The union's annual conference, meeting in Ayr, voted against further negotiations with British Rail on a grade-by-grade basis until a general framework for restructuring hours, overtime, rostering and other aspects of work had been agreed.

The conference also called for reform to be linked to overall salary increases and threatened industrial action should British Rail fail to co-operate.

The RMT's vote follows track maintenance workers' rejection in a ballot this month of a self-financing deal that would have cut overtime and special shift payments in return for increases in basic pay rates and a cut in weekday working.

British Rail has been seeking to streamline pay and introduce greater flexibility in working practices. To date, it has succeeded only in persuading its 6,500 signals and telecommunications staff to accept new arrangements – and that over the heads of the RMT, which opposed a deal based on self-financing a 25 per cent rise in basic pay.

Savings ratio falls, CSO says

A FALL in the proportion of consumers' income being directed to savings has boosted hopes of an economic recovery later this year, Peter Marsh writes.

The Central Statistical Office said yesterday that the savings ratio – personal savings divided by disposable income – fell in the first three months of 1991 to 9.8 per cent, from 10.7 per cent in the previous quarter.

Record deficit for companies shown

COMPANIES' financial deficit reached a record £7.8bn in the first quarter of this year, up from £6.7bn in the final three months of 1990, the CSO said yesterday.

Gross trading profits in the first three months of 1991 totalled £15.2bn, a decline of 3 per cent compared with the previous quarter.

Client cash 'could not be traced'

BOWEN Lansbury, a Taunton investment company, had a deficiency of £250,000, and more than £70,000 invested by clients could not be traced, the High Court was told when it ordered the compulsory winding-up of the company.

The Department of Trade and Industry sought the winding-up in the public interest and on the ground of the company's insolvency.

Drop in export sales reported

By Anthony McDermott

EXPORTERS reported a drop in total sales at home and abroad, and exports, dashing hopes of an export-led recovery from the recession, according to the Barclays Quarterly Survey of Exporters.

Of the 2,336 companies questioned, the 911 exporters of goods and services who replied said they expected little improvement in the coming year.

A third reported falling sales and 30 per cent reported falling exports over the past year. Export ratios (exports as a percentage of total sales turnover) rose slightly from 40.7 in the previous quarter to 42.5 per cent, but that was attributed more to falling UK sales than to rising exports.

Within the latter category, smaller companies tended to have a higher export ratio – 50 to 55 per cent – than the larger companies, with 42 per cent.

Over the past year, the European Community remained the most popular market for exporters, accounting for 47 per cent; followed by North America with 14 per cent.

Concern over exchange rates continued to pose difficulties for exporters. The survey notes, however, that only a minority of companies have adopted measures to tackle exchange rate losses. Sixty-nine per cent of companies chose to invoice in sterling as a way of avoiding fluctuations. It hoped that more companies would invoice in other currencies, including the Ecu.

Barclays Quarterly Survey of Exporters. Small Business Research Trust, School of Management. Open University, Walton Hall, Milton Keynes MK7 6AA. £15.

Threat of blockade in Channel ferry dispute

By Richard Tomkins, Transport Correspondent

PASSENGERS crossing the Channel today face severe disruption to their journeys after a threat by French seafarers to blockade the port of Calais.

The blockade would exacerbate the effects of a three-week-old dispute which has already put four Sealink cross-Channel ferries out of service at one of the busiest times of the year.

The dispute is over cost-cutting plans drawn up by Société Nouvelle d'Armement Transmanche (SNAT), the newly privatised French ferry operator.

SNAT is one of two companies operating cross-Channel services under the Sealink name. The other is Sealink Stena Line, the UK subsidiary of Stena Line, the Swedish ferry group. SNAT and Stena pool their vessels and crews to run three cross-Channel services.

The dispute has brought all four SNAT vessels to a standstill, halting the Newhaven-Dieppe service and halving Sealink's capacity between Dover and Calais. If today's blockade takes place, Sealink Stena and P&O vessels intending to use Calais will have to divert to Boulogne or Zeebrugge. That will lengthen crossing times and throw timetables into chaos.

The dispute comes at a bad time for Stena. It is depressing peak season revenues and eroding passenger confidence at a time when the ferries will soon be facing severe competition from the Channel tunnel.

Curbs eased on circuits

RESTRICTIONS on carrying telephone messages over international leased private circuits connected to the public network at one end were abolished by the Department of Trade and Industry yesterday, Hugo Dixon writes.

The circuits are used by businesses to send data and voice traffic internally and to customers and suppliers.

Announcing the change, Mr John Redwood, minister for corporate affairs, said: "It will bring significant new freedoms in the use of international leased circuits, further competition into the international market and, I hope, lead to lower prices for consumers."

He said multinational companies would have greater freedoms in the way they used leased circuits and that people would also be able to buy capacity on such circuits.

BMW may recycle car parts

By John Griffiths

BMW, THE German executive car maker, yesterday announced tentative plans for car dismantling and recycling centres in the UK, and urged other motor manufacturers to join a collaborative programme.

The initiative by BMW, which does not intend to fund the programme fully itself, is loosely modelled on arrangements in Germany.

While Volkswagen, Peugeot and other car makers have already announced small-scale car disassembly and recycling projects on the Continent, BMW's is understood to be the first formally proposed for the UK. Other manufacturers, such as Rover, are believed to have their own well advanced, but undeclared, projects.

The BMW plans were also seen in part as a response to criticisms by Greenpeace and other environmental groups of advertisements for its 3-Series cars. The advertisements, which suggest that the cars are better adapted than others to recycling, are being investigated by the Advertising Standards Authority.

The BMW initiative will also involve its dealers' collecting for recycling all waste fluids and other disposables. It will start among the company's 160 franchised UK dealers within the next six months.

Before the end of the year, the company will also start collecting damaged plastic bumpers, shredding them and sending them to Germany for recycling as boot linings, floor mats and other components. A similar system will operate for damaged catalytic converters, from which 80 per cent of the precious metals used can be recovered.

Mr Tom Purves, managing director of BMW (GB), the manufacturer's wholly owned importer, said it was intended to have the first dismantling plant operating by the end of 1992, five by the end of 1993 and a further five a year later.

Each dismantling centre will cost an estimated £250,000. The company expects that they will be developed in collaboration with the Vehicle Dismantlers Association, the scrap industry's representative body, with possible financial help from the government.

He said the UK's existing scrap and shredder industry was unable to separate and adequately recycle the growing amounts of plastics and other non-metallic materials in cars.

Businessmen share in Gulf war honours

By Emma Tucker

INDUSTRIALISTS and businessmen are among 811 military and civilian people honoured for their services during the Gulf war.

Civil servants, volunteers and journalists are also recognised in the Gulf honours list published today. However, the Victoria Cross, the highest military honour, has not been awarded.

Vickers Defence Systems received a number of awards, with Mr Gerald Boxall, chairman and chief executive, made a CBE and Mr John Slade, general manager, product support, an OBE. Mr Brian Trueman, programme manager for the Challenger 2 tank, becomes an OBE and Mr Bryan Parker, project manager of Vickers post-design services, an MBE.

Mr Donald McClen, chief executive of British Aerospace in Saudi Arabia, becomes a CBE.

Top military awards go to General Sir Peter de la Billière, commander of Britain's forces in the Middle East, who is made a Knight Commander of the Order of the British Empire, as is Air Vice-Marshal William Wratten, the air commander. Air Chief Marshal Sir Patrick Hine, joint commander in the Gulf, is made was a Knight Grand Cross of the same order.

Sir David Craig, chief of defence staff in London, who gave regular briefings to the war cabinet, receives a life peerage.

Embassy staff are also rewarded. Mr Harold Walker, former ambassador in Iraq, and Mr Michael Weston, ambassador in Kuwait, become KCMGs. Mr Larry Banks, first secretary in the Kuwait embassy, becomes an OBE.

Mr Robert Hayward, the MP for Bristol Kingswood, becomes an OBE for his efforts in setting up the Gulf Support Line.

A CBE goes to Mr John Simpson, the BBC correspondent, while Mr John Keegan, defence editor of The Daily Telegraph, becomes an OBE.

In business and industry, the following were made OBEs: Mr Peter Baker, director of Perkins Defence Systems; Major Leslie Gatehouse, general manager of Zengrange, a Leeds company that designs and manufactures portable computers; Squadron Leader Colin Jones, managing director of FR Aviation; Mr Simon Reece, managing director, Pearson Engineering; Mr Barrie Sparham, managing director of Reynolds Boughton, the engineering and vehicle company; Mr Klaus Tusch, managing director, Colebrand; Mr Derek Williams, joint managing director of Pall Europe Corporate Services; and Mr Christopher Yeo, director of flight operations at BAe.

MBEs are awarded to: Mr Robert Bartlett of Project Executive Alarm at BAe; Mr David Birch, project manager, SD-Scion; Mr Richard Gore, operations manager, Racal Survey Group; Mr Paul Harris, service manager, GKN Defence; Mr Ian McIntosh, assistant manager, Technical Ammunition Division, Royal Ordnance; Mr David Murphy, manufacturing manager, David Brown Vehicle Transmissions; Mr Michael Preston, sales manager, Westland Dynamics; Mr Charles Saffery, project manager, Graseby Ionics; Mr Maurice Smith, engineering services manager, Marconi Defence Systems; Mr Walter Thomson, manager, Navigation Systems Division, GEC-Ferranti; Mr Ronald Walker military sales, All Wheel Drive; Mr Martin Wickham, product design manager, Alvis.

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Bothered banks

ONLY A decade ago the world's larger banks were regarded as pillars of financial solidity, incapable of plunging into loss. Today, in contrast, they seem to hover perpetually on the brink of trouble, with the result that expectations are rather different. When the TSB Group announced a £150m interim loss on Thursday the stock market scarcely blinked. At Wells Fargo, the Californian bank which revealed earlier this week that it was to make provisions of $350m, the market reaction was admittedly more nervous. No doubt that reflected the extent of the blow to its reputation as one of the few impressively managed banks in the United States. But it also served to underline the extent of the changes over the past decade. Even the best, it seems, are now accident prone. The question is why.

The proximate causes of trouble are not difficult to detect. At the TSB, the losses were caused by the attempt of the group's merchant banking subsidiary, Hill Samuel, to build its corporate loan book at an over-rapid rate just before the recession struck. In Wells Fargo's case, above-average exposure to highly-leveraged transactions and the problems of the troubled California property market were responsible. But do these two banks have anything more in common than having incurred losses when their respective regional markets turned sour?

At first sight, no. Wells Fargo's capital ratios are not strong. TSB Group, on the other hand, is still, even after its losses, well-capitalised. Its wider problem is that money has been burning a hole in its pocket since the government rushed through an ill-judged flotation in 1986. Even at the time, the danger that the TSB would lose money as it tried to find new outlets for a £900m capital injection was all too clear.

Worst disasters

Some of the worst disasters in banking have taken place precisely when a growth-hungry bank suddenly finds itself flush with new capital. The classic instance was Crocker National Bank, the Californian bank that Midland acquired in the early 1980s and subsequently sold to Wells Fargo after Crocker revealed one appalling set of bad debt provisions after another.

The dilemma of the over-capitalised is made worse because of the huge upheaval that is taking place in the structure of banking. From being a cartelised industry with a semi-social service ethos, it has been transformed by deregulation into a competitive business. The inherent conflict in banking between the requirements of prudence and the imperative of growth demanded by the stock market has sharpened immeasurably.

The main response of the regulatory authorities to the troubles of the bankers has been to impose tougher capital adequacy requirements, notably through the new rules of the Bank for International Settlements (BIS). Yet the mere fact that the two biggest banking loss-makers in the news this week were at very different ends of the capital spectrum suggests that capital is not an omnipotent discipline. If it added to the pressure at Wells Fargo to increase profits by taking on more risky business, it may even be counterproductive.

Portfolio concentration

Recent history contains little evidence that big banks collapse because they are undercapitalised. There was nothing much wrong, for example, with Continental Illinois's capital ratios before it had to be rescued by the authorities in the biggest bale-out of the 1980s. The more frequent cause of trouble is portfolio concentration, whereby the bank puts too many eggs in one basket such as real estate.

At the same time the new capital rules are having some unexpected and unintended effects, bringing more capital into an overbanked market in some instances and forcing banks to shrink in others. Japanese banks' asset growth has been restricted by low share prices over the past year because the BIS's definition of capital includes 45 per cent of unrealised profits on securities dealing. This week bankers in Tokyo are understandably worried about the steepness of the stock market's fall after the resignation of the heads of two leading securities firms, Nomura and Nikkei.

One of the reasons why deregulation was so fashionable in the 1980s was, of course, that it is hard to get regulation right. Governments and central bankers are none too adept in their judgments about the banking market. It is worth recalling that one of the British government's objectives in floating the TSB was to increase competition in retail banking. Yet the impact was to increase competition in a wholesale banking market that was already too competitive.

With the banking industry in secular decline and profits under increasing pressure, the regulators have an even tougher job ahead. It can safely be predicted that banks will become more accident-prone, not less, as the 1990s progress.

Fading of a megastar

Mrs Thatcher's light has dimmed, but not winked out, writes Joe Rogaly

Mrs Margaret Thatcher made history, became puffed up by the knowledge that she had done so, and is now being slowly wafted towards the mists of memory. Her announcement that she will not stand again as candidate for Finchley blows her downwind, out of the House of Commons, into the valley of the shades where the impotent ghosts of the formerly powerful sit as lords and ladies, humbled in ermine. Another wisp of wind will carry her into a small courtyard of Brugeist resistance, where she will settle among a tribe of quaint little Englanders, fighting to the last against the unstoppable march of European history.

She will not, of course, see it that way herself. Rarely can a diva's ante-penultimate performance have received such rave reviews as did her passionate speech in the House of Commons on Wednesday. I was there, with my free ticket to the greatest show in town, and it was magnificent. It was not quite so chilling, perhaps, as Sir Geoffrey Howe's lethal resignation speech, which found its target in her heart. Nor was it so statesmanlike as the erudite address concluded by Mr Douglas Hurd just an hour before the lady herself spoke. It was nevertheless predominant. Hers is always a quality performance, uncompromising, sincere, driven. It raises the level of debate in a House that will be diminished by her departure. She is still a megastar. I wonder if she yet accepts that megastars fade.

Little of this can have entered her head when she said in 1972 that she did not believe there would be a woman prime minister in her lifetime. But no sooner had she said it than Opec quintupled the price of oil, inflation took off, the government panicked, and the Conservative party began to crumble, a victim of its own follies. Mr Edward Heath, who had been elected prime minister on a programme that today would be called proto-Thatcherite, cut and ran in a famous "U-turn" back to the corporatism and incomes policies of the 1960s. Humiliated by the miners, whose strike knocked his government out, he was defeated in both February and October 1974 by Labour under the then Mr Harold Wilson. Between the two elections the Hudson Institute forecast that so advanced was the deterioration of the British economy that its living standards would soon fall behind those of Spain and Greece.

Out of office, the Conservatives were in some disarray. Who would lead them, and in what direction? The Heathites thought they were in the ascendancy, but the hard monetarism that began to appeal to Sir (now Lord) Keith Joseph was espoused by a small group within it. A series of political accidents led to the emergence of Mrs Thatcher as champion of that clique. In 1975 she made history by becoming the first female leader of the Tories. For the next four years this initially shy woman struggled to master her new job in opposition as successive Labour administrations kowtowed to the trade unions.

The warnings of the Hudson Institute began to ring true. Inflation was in double figures and rising fast. Soon, like any Third World nation after a fiscal binge, Britain was obliged to seek the assistance of the International Monetary Fund. During the winter of 1978-79, public service workers seemed to be on permanent strike. People doubted that Britain was governable. The Conservative election victory of May 1979 gave Mrs Thatcher a chance to show that it was.

She needed all her reserves of will, plus fresh reserves she possibly never knew she had, to overcome the patronising resistance of many of her colleagues in her first cabinet. She introduced the backbone of conviction into a previously flabby body politic. She tore into public spending, and into those of her colleagues who protested at the cuts. By 1983 inflation, which had peaked at 22 per cent, had dropped below 4 per cent. Meanwhile her own sense of self, and possibly the nation's sense of self-confidence, were bolstered by victory in the Falklands war. These achievements did not win her the support of a majority of voters, but she was returned to office in 1983, and again in 1987, assisted by a split in the Labour party and the rise of the Social Democratic party.

Between those two elections she vanquished the National Union of Mineworkers. The victory was not only significant in itself; it also sapped the strength of the trade union movement, perhaps for the rest of the present century. One liberal economics policy after another was forced through, often by an act of this one woman's will. Privatisation, which began slowly with the National Freight Corporation, was steadily extended. Support for ailing industries was phased out. As the prime minister grew in strength, as she saw grown men quake in their boots in her presence, so, understandably, her sense of proportion began to desert her.

One of her closest colleagues said to me just the other day, "Margaret is 100 per cent sane and balanced, but she is not 100 per cent sane and balanced for 24 hours of the day, seven days a week." At their party conference of 1986 the Conservatives adopted the most pure Thatcherite programme to date; after the 1987 election victory her determination to implement it, poll tax and all, helped to bring about her downfall.

So did her foreign policy. She travelled the world, at one moment advising President Gorbachev and at another instructing President Reagan. She fancied herself as the precursor of the 1989 counter-revolutions in eastern Europe. She seemed invulnerable. She won many famous rows within the European Community, one over the budget, another over the Common Agricultural Policy, but in due course her narrow nationalism became a diminishing asset. Under Mrs Thatcher, Europe split the Conservatives more deeply than ever had the corporatism of Mr Heath, who took Britain into the EC. She lost a series of ministers, all victims of the great Europe debate. She shrugged the losses off; most damagingly that of her chancellor of the exchequer, Mr Nigel Lawson, and then, fatally, that of her foreign secretary and later so-called deputy, Sir Geoffrey Howe.

Now she aspires to live on her reputation, partly on permanent tour of the world's cities, ever meeting its great statesmen; partly as a "focus" for her opposition to European monetary union in general and the notion of a single currency in particular; eventually as a peeress. Few believe that she will win her anti-European battles, however hard she fights. She leaves the Tories perhaps more divided and demoralised than she found them. Her ability to damage them further, like that of Mr Heath since his own departure, remains strong if on a descending curve. The curve will probably steepen when she goes to the Lords.

Meanwhile her successor, Mr John Major, has one of the most difficult acts to follow in the history of political theatre. He possesses none of her characteristics but a wide selection of her beliefs; that is why he was chosen. He has to endure the taunts of those who compare her flamboyance with his own plainness. His speeches, featureless as they are, seem all the more flat and dull when compared with hers. As she did between 1975 and 1979, he has to find new strengths, fresh talents, within himself. He has only a fifth of the time she took in which to do it. Meanwhile he must overcome her objections to his patient plodding through the machinery of European Community collaboration, just as she had to endure the sullen hostility of Mr Heath. The difference is that Mr Heath's popularity among Conservatives vanished with his leadership; hers is a long time going.

Yet there is no apparent danger of a return to the 1970s. Economic liberalism is still dominant in Tory policy-making, although those who espouse it with conviction have never been in the majority within the party. The trade unions are still dormant; their membership declining. The Labour party has been thoroughly Thatcherised; it now poses as the source of fiscal prudence. It has abandoned unilateralism and socialism. Less to her taste, it has warmly embraced the notion of a closer union within the EC. As to the relative strength of the British economy, just watch those Spaniards.

Dressing down for Burton

Maggie Urry and John Thornhill on the retailer's rights issue

Burton Group's shareholders have seen it all in the past few years.

In the mid-1980s the fashion group was hailed as one of the great success stories of the Thatcher era as it grew into the UK's second biggest clothes retailer under the flamboyant direction of its chairman and chief executive Sir Ralph Halpern. Its shares soared high on the back of seemingly ever-rising profits which reached a peak of £216.8m in 1989.

But yesterday Burton's shareholders were confronted with the full horror of the company's over-expansion and its disastrous foray into property development. Coupled with the impact of one of the worst recessions in memory, the group's shareholders now face total losses of up to £188.9m for the year to end-August.

Although yesterday's £161m rights issue was dressed up as a positive move to ensure the company could benefit from the eventual upturn in consumer demand, many analysts argued it bespoke more a desperation to survive than a desire to expand.

Mr John Smith, retail analyst at stockbrokers UBS Phillips & Drew, comments: "We do not see what else Burton could have done. We think they had to have a rights issue or in another three or four months they would have been in serious financial danger."

Burton is now taking drastic action to improve its profitability. Its chain of 1,692 multiple shops is being rationalised with the loss of 1,350 jobs. A further 250 administrative jobs will go as part of a drive to reduce central overheads. Pay freezes have been imposed from the boardroom level down to junior and hourly paid staff.

Shareholders with long memories may find the group's current problems all too familiar, for 15 years ago it looked as if Burton was going bust. By the 1970s, the company which was renowned for making cheap suits and running snooker rooms above its shops, had become a dowdy business. Men no longer wanted the made-to-measure suits churned out by the company's factories.

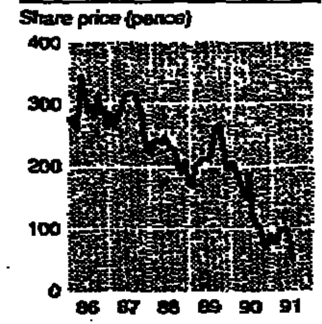
In 1969 Mr Ladislas Rice was brought in to revitalise the company, but he was replaced a few years later by Mr Cyril Spencer, who joined Burton when it took over Evans Outsizes, the shop for the fuller-figured woman.

Despite the succession of management changes, by the late 1970s profits were still collapsing. Eventually a boardroom coup in 1981 resulted in the departure of the chairman Mr Cyril Spencer and propelled Mr Ralph Halpern, then Burton's chief executive, into the top job itself.

Halpern's credentials were that he had built up the Top Shop chain, the business which pioneered Burton's move into the casual, fun fashion, teenage market.

Burton Group

Share price (pence)



Source: Datastream

In the first half of the 1980s, Halpern revived the company. Some new chains were developed, and even old names such as Dorothy Perkins, were given a more modern image. The rise in profits and the share price was significant.

But it was the acquisition in 1985 of Debenhams – by then a struggling department store group – that signalled the start of the decline in Burton's share value.

Problems were compounded by concern about a department of trade investigation into the Debenhams purchase – although nothing came of it; by investors' mistrust of Burton's accounting policies and its off-balance sheet activities; by the group's misjudged move into property development; and not least by the publicity surrounding Sir Ralph's personal life and his legendary salary.

Worst of these, in financial terms, was the move into property and particularly the development of five large shopping centres. Burton has written off around £324m of the £530m it committed itself to spend.

The great difference between Burton in the late 1970s and now was that, as Mr John Richards, the retail analyst now at County NatWest WoodMac, said at the time, Burton had 300p a share in assets. Sir Ralph used, some would say squandered, those assets to expand aggressively and did the same again with Debenhams' assets. It was a trick many retailers were playing in the 1980s.

But the worrying part, Mr Richards now says, is that Burton worked for short-term profits. It did not, he reckons, develop the chains to meet the market of the 1990s. He believes the rights issue secures the group's financial position, but not its profitable future as a trading operation.

Shareholders look as though they will stump up, albeit reluctantly, the cash to ensure Burton's continued financial viability.

"We are not happy that the company got into this state and are particularly keen that in future it operates in the shareholders' interests rather than in the interests of a few managers," says one embittered fund manager.

A way out of Yugoslavia's mess

Anthony Robinson talks to Tito's old confidant and comrade-in-arms Milovan Djilas

Milovan Djilas knows what civil war means to Yugoslavia. He has been there before. As one of Josip Tito's closest collaborators in the 1940s he saw firsthand the carnage and retribution as Croat Ustasha and Serb Chetnik ethnic armies fought each other and Tito's communist partisans, in the midst of a bitter guerrilla war against Hitler's occupying forces.

As Tito's confidant Mr Djilas was also party to the mass executions of Ustasha and Chetnik prisoners by the communists in the savage settling of accounts which followed the end of Nazi occupation and the collapse of the pro-Nazi Ustasha regime. Later, his chilling encounters with Stalin in Moscow contributed to the erosion of his communist faith. This led to Mr Djilas's estrangement from Tito, expulsion from the party, imprisonment and publication of his book, The New Class, which exposed the privilege and corruption behind the facade of the classless society.

This week, as fighting erupted in the rebel republic of Slovenia between the federal army and the Slovene militia, it began to look as if the spectre of civil war was returning to haunt the fractious Balkan federation. But Mr Djilas is convinced that the country will be spared a repeat performance. "Domestic conditions are not right for civil war and the international community would not permit it," he says.

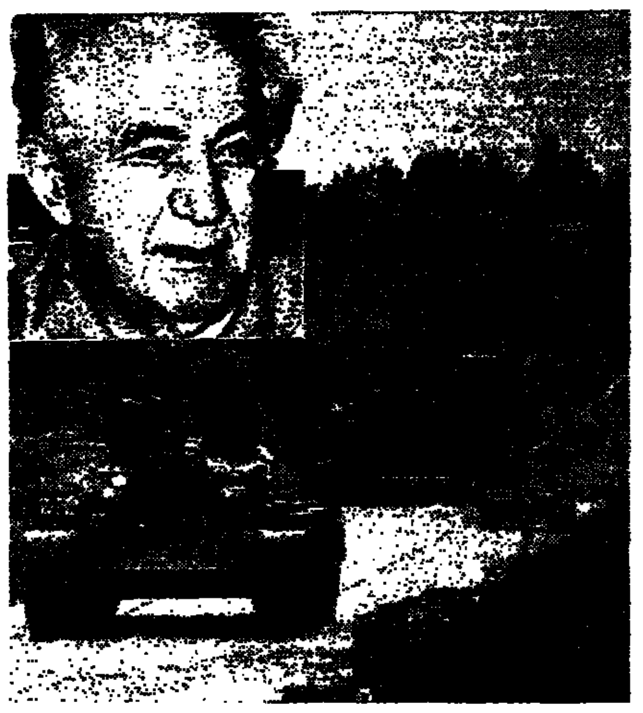
Speaking by telephone yesterday from his home in Belgrade, Mr Djilas sounded surprisingly optimistic. He suggested Yugoslavia might well survive in a looser confederal form, despite this week's unilateral declarations of independence by Croatia and Slovenia. But if the country's army and politicians were unable to work out a peaceful compromise, he said, the western powers should intervene directly.

"There will be many serious clashes perhaps, but not civil war," he said. "There are minority groups which would like to provoke one, but there is a basic equilibrium in the country, and most people are not inclined to follow nationalist extremists."

Mr Djilas also supports the army's attempt to preserve Yugoslav unity. "I believe the intervention of the federal army to protect the external borders of the Yugoslav state is a correct one. Slovenia's independence is unconstitutional and illegal. Of course they have a right to sovereignty and more autonomy. But they cannot leave without agreement with the other republics."

Until now, he argued, the federal army with its 70 per cent Serb officer class, has been acting as a Yugoslav army to preserve Yugoslavia. But western help will be needed to forge a compromise. "Diplomatic pressure and threats to withhold credits are not enough. I would like western governments to state that they would be prepared to deploy Nato forces if civil war does break out and the federal army is unable to contain it and find a compromise which would keep the country together. The danger is that if the Yugoslav army is unable to stop civil war the Albanians in Kosovo will rise up and other Moslem countries will get involved."

Orthodox Christian Serbia, an independent kingdom before the first world war, is obsessed with Kosovo, seen as the historic homeland of the Serb people. But it is not so much concerned with the fate of Catholic Slovenia, a small, ethnically homogeneous country of 2m people in the foothills of the Alps. Mr Djilas, himself a Serb from mountainous and traditionally warlike Montenegro, says: "I personally believe that Slovenia could become independent and leave Yugoslavia. Serbia has no real interest in Slovenia, and nobody, including the army, is against sovereignty for either Slovenia or Croatia. But Croatia cannot just leave Yugoslavia because there are over 600,000 Serbs in Croatia and another 1.3m in Bosnia-Herzegovina."



Milovan Djilas (inset) and federal tanks in Croatia yesterday

It was here – in the ethnically mixed border villages along the frontier between Serbia and Croatia, and above all in the ethnic melting pot of Bosnia-Herzegovina, with its mountains, high plains and steep river valleys – that the worst ethnic carnage took place 50 years ago.

Bosnia is Yugoslavia in microcosm. Synagogue, minaret and belfry mingle in the old streets of towns like Mostar or the Bosnian capital Sarajevo – where a Serb nationalist, Gavrilo Princip, fired the shot which killed Archduke Ferdinand of Austria and sparked off world war one.

Now, the three great powers which clashed in 1914 – Russia, Germany and Austria – are busy trying to work out their own domestic problems. Internationally at least, said Mr Djilas, history is unlikely to repeat itself.

Instead the European Community and Yugoslavia's neighbours and fellow members of the 35-nation Conference on Security and Co-operation in Europe (CSCE) are considering arbitration. They will be able to invoke the CSCE formula, agreed in Berlin earlier this month, which allows them to mediate in member countries' internal disputes which threaten to disturb European security.

Mr Djilas believes that the outlines of a possible compromise are to hand in the proposals which, significantly, were made by the Bosnian President, Mr Alija Izetbegovic, at the last meeting of the presidents of the Yugoslav republics in Sarajevo on June 6.

In essence Bosnia proposed the reconstruction of Yugoslavia on confederal lines which would recognise the desire of Slovenia and Croatia in particular for greater autonomy. Mr Djilas believes that Serbs, who until now have been seeking to preserve a federal state, must recognise the need for a looser confederation, while Slovenia and Croatia will have to agree that even a confederal state requires an efficient central government.

The problem, he says, is that Croatia and Slovenia insist that they would only be prepared to re-negotiate the terms of their relationship with Yugoslavia as independent states, essentially dealing with Yugoslavia as a foreign country.

One of the first acts of independent Slovenia was to put up new border signs saying "welcome to the Slovenian republic". They have since been torn down by the Yugoslav army. But it will surely be harder in future to persuade Slovenes of the need to stay in the federation essentially in order to prevent ethnic strife enveloping the Serbs. It is Serbs, after all, who are in command of the army which has just attacked them.

As the BMA prepares for its annual conference, **Alan Pike** assesses its considerable political clout

Doctors in the front line

The accents will be a little more cultured than the average union conference, the style of dress more formal. But when representatives of the British Medical Association gather for their annual meeting at Inverness on Monday it will be as members of one of the most powerful trade unions in the country.

The BMA became a union in 1971, after more than 100 years as the leading representative body of Britain's doctors, to comply with the industrial relations legislation of a previous Conservative government. But it wields more clout in battles with government than once-mighty, now-humbled groups such as the miners and print workers.

Few ministers would yet boast that the government's National Health Service *reforms* have knocked the stuffing out of the doctors, as Tory legislation did out of *other unions* in the 1980s. *Sorting* out the doctors is not a declared part of the reforms, but one intention of them is to make the medical profession more accountable. To achieve this the government must first do two difficult things – impose a new system of management on individual medical professionals and resist the power of doctors to focus public opposition to the reforms.

As politicians have discovered *throughout the century*, doctors form an immensely powerful lobby. Lloyd George and Aneurin Bevan were both forced by the medical profession to compromise when introducing previous health reforms. This time the BMA's campaign of opposition, broadly supported by the medical royal colleges and other representative bodies, has done much to undermine public confidence in the reforms.

The government's aim is to make NHS management more efficient. The difficulty it faces is: how will lay managers running the service impose their writ on doctors?

Health ministers have traditionally fumed at what they see as the doctors' effortless gift for blending the protection of their patients' interests with the promotion of their own. This created bitter fric*tion between the BMA and the* last health secretary, Mr Kenneth Clarke, as he sought to prepare the way for the reforms. Mr William Waldegrave, his more conciliatory successor who took over in November, restored diplomatic relations.

It looked as if the new-found cordiality might vanish in April, when the implementation of the reforms provoked political uproar and the BMA immediately renewed its vocal opposition to the changes.

Last week, however, Mr Waldegrave announced a remarkable departure: the establishment of a government-BMA working party to evaluate several aspects of the reforms, including "fund-holding". This is the scheme under which 300 GP budget-holders directly buy hospital treatment for their patients.

Dr Ian Bogle, chairman of the BMA's general medical services committee, says the idea of the government sitting down with the BMA to evaluate its reforms would have been unthinkable even a few months ago. It would be a pre-election coup for Mr Waldegrave if he *could announce that, as a result,* the medical profession had stopped opposing central aspects of them.

Some BMA members are likely to criticise the leadership at Inverness for risking any discussions with the government rather than maintaining outright opposition. But BMA leaders still see hope of forcing the government to dilute controversial aspects of the reforms, such as fund-holding. In any case, the *risks* are not one-sided. Mr Waldegrave will not wish to contemplate the *pre-election prospect of the* BMA leaders telling the television cameras that their efforts to persuade him to safeguard the NHS had failed.

Although Mr Waldegrave is committed to fund-holding the BMA is not alone in believing that fund-holders' freedom to make their own financial choices may interfere with more generally acceptable aspects *of the reforms* – including the health secretary's own plans for a national health promotion strategy. *The government-BMA working* party will look at possible modifications to fund-holding, and Dr Bogle has made it clear the association may finish up pressing for "the ultimate modification of packing it in".

As the BMA leaders and the health secretary eye each other with polite suspicion, the individual aspects of the doctors' problem have been highlighted by Mr Peter Griffiths, chief executive of the Guys's and Lewisham trust in London. He told the Commons Health Committee this month that some of his 250 consultants spent too much time in private practice or on overseas trips rather than doing NHS work.

Such open attacks by top managers are rare, and Mr Waldegrave told the committee last week that past studies had not revealed a significant problem of under-perform*ing doctors. "I don't want to* leave the impression that I think there is a widespread scandal," he said.

Ministers hope arrangements to allow general practitioners to advertise and make it easier for patients to change doctor will keep GPs on their toes. The 18,000 consultants will have more detailed work plans included in their contracts. Medical audit – peer-led reviews of an individual's work – is being developed.

The problems of managing doctors were spelt out this month by Mr Don Cruickshank, who has moved from the private sector to *run the NHS in Scotland.*

"Doctors are the heroes here. They do the business. They determine the culture. The activities of the service all stem from the relationship between doctor and patient. It is a magical relationship. Full of power. Often concerned with life and death."

General managers had been imposed on this structure and many doctors believed that they could manage better without them. "Doctors don't get their rewards from managers but from their peer group – they are the most tribal of all groups in the NHS. Too often general managers seem to stand in the way of doing things rather than facilitating them."

Mr Cruickshank argues that it is impossible to overcome these problems by imposing a hierarchical management structure on doctors. Managers must employ more subtle skills of advocacy and leadership rather than control.

Doctors themselves are intended to become managers under the reforms, with responsibility for con*trolling* resources. Some are responding with enthusiasm in the belief that this will extend medical *professionalism* rather than threaten it.

But there remains a widespread view in the profession and elsewhere that the NHS is seriously underfunded compared with other EC healthcare systems; this will be a central theme of next week's conference. No doctors want to become managers merely to be blamed for imposing cuts on colleagues.

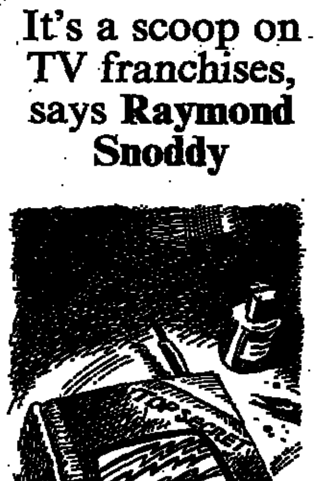
There were cheers at a GPs' conference this month when delegates endorsed a *motion declaring that* the NHS was not safe in the hands of the present government.

Doctors have always been assumed to include many instinctive Conservatives in their ranks. Since they are also thought to have influence over their patients, the vote contains as serious a warning to the government as any recent opinion poll finding. It helps to explain why Mr Waldegrave would prefer to talk to the doctors rather than fight them.

Other government ministers had trouble with the doctors: Aneurin Bevan, shown talking to the first NHS patient in 1948, had to compromise on earlier health reforms because of the medical profession's opposition

Secret diary with the highest bidders

It's a scoop on TV franchises, says **Raymond Snoddy**



Finding the Russell Diaries is definitely a journalistic coup. Nobody knew that George Russell, chairman of the Independent Television Commission, was even keeping a diary about the awarding of commercial broadcasting licences – in most cases, to the highest bidder. But Lord Dacre, the historian, has been consulted, and has pronounced himself satisfied with its authenticity.

The bids were supposed to be top secret. When Russell and a *few colleagues opened* the envelopes of the 40 aspirants for the 16 commercial broadcasting licences last month, it was only to check that everything was in order before they were locked away again.

The companies were not to know the value of each other's bids. The Stock Exchange was certainly not meant to find out.

But there it all is, in the secret diary of Russell. Well, a lot of it. Some of the entries appear to be in code, and the actual size of most of the bids has obviously been recorded in a separate document for extra security. The first amazing rev*elation is "the mind-boggling* range of the bids".

There are two factors behind the large bids. First, would-be publisher-broadcasters – companies that plan to commission programmes from independent producers rather than make them in-house – believe this is a cheaper way of making television. They can, therefore, bid more than the ITV companies with their fixed costs, studios and standing *armies of staff*.

Second, in the depths of the worst advertising recession since the early 1970s, some optimists forecast real annual growth in advertising revenues of 6 per cent a year over 10 years. Another view is that 2.5 per cent a year might be more sensible. If the optimists are right, there will be more money to underpin the bids.

The Russell Diaries are quite clear on another point. The "problem" of the publisher-broadcasters can be contained – they will not wipe out most existing ITV companies. From these two revelations, several deductions are possible.

A few more fragments of diary help the process. The key points are in a rather transparent code. All you need to break it is The Sun's weekly television listings supplement. "The Street" obviously refers to Granada and its popular drama, Coronation Street. "Ruth" has to refer to TVS Entertainment and its Ruth Rendell mysteries.

Three companies are already home and dry because they did not face a rival bid – Central, the second largest, Scottish, and tiny Border.

In ITV they are already calling those three "The Smugs" *as opposed to "The Glums"* – all the other companies that do not know whether they will be *in business on January 1 1993*. If the Russell Diaries are interpreted correctly, four more ITV companies can join The Smugs because they have put in the highest bids for their regions.

One is TVS, once seen as the most vulnerable ITV company because of its disastrous \$320m acquisition of the MTM production company in the US. TVS has done the only sensible thing and put in a ferociously high bid, underwritten by the media heavyweights Time-Warner, Canal Plus and Associated Newspapers. Can it really be as high as £50m?

Yorkshire Television, so the *diary reveals, has also seen off* its rivals, Viking and White Rose, publisher-broadcasters backed by *independent* producers, with a high bid. Tyne Tees, 20 per cent owned by Yorkshire, has outbid a consortium led by Granada. And Anglia has outbid its main rival, Three East, so it will not have to rely on its Survival wildlife series to survive.

Curiously, there are absolutely no references to Richard Branson and David Frost, who together bid for three franchises – those held by Anglia, TVS and Thames. Does this mean they are not going to *make it over the so-called quality* threshold and, therefore, that their high bids will not be *considered at all?*

Granada may have been outbid by Phil Redmond's Mersey Television – the difference looks like £8m although there is a smudge in the diary – but Phil's business plan will not pass the quality threshold. It is a much closer-run thing for LWT, another ITV under-bidder. But in the end, its rival, another publisher-broadcaster, London Independent Broadcasting, *did not pass muster, at* least if George's enigmatic note about Blind Date is accurate.

George does not seem to have got around to the three companies bidding for the breakfast franchise – TV-am, Daybreak and Sunrise. He certainly hasn't confided an opinion to his diary.

That only leaves the losers.

Understandably, Russell starts to cover his tracks more effectively here, and you have to read between the lines. But it looks as if Channel, the smallest of the companies, will fall to C13 – dubbed the Bergerac bid because the actor *John Nettles is involved.* HTV will lose Wales and the west. A reference to wizards surely *points to Merlin Television,* backed by Associated Newspapers and the Chrysalis record group. TSW in the south-west – a win is predicted for the group led by John Banham, the CBI director-general, and his Westcountry Television.

As for Thames Television, currently showing Selling Hitler, the saga of the fraudulent dairies, it has been outbid by Carlton Communications. But will the ITC use its "exceptional circumstances" to save the largest ITV company? Alas there's *absolutely no sign of it* in the diary. So is it time to get out of Thames shares? Not yet. *Lord Dacre has just called.* He's not so sure about the diary's authenticity after all...

Richard **Gourlay** on the Names who are refusing to suffer in silence

Lloyd's losers fight back

Victor Lewis was prepared to lose *his shirt and his cufflinks when* he became a Name at Lloyd's. He was not expecting to be publicly pilloried if his investment turned sour.

He is not a broken man; the sale of his publishing company seven years ago provides a cushion for the £200,000 cheque he must sign to cover this year's losses at the London insurance market.

But along with thousands of Names who must meet the £510m loss that Lloyd's announced this week, he is angry and preparing to sue the people who he says mismanage the market.

Mr Lewis is not seeking to escape the *"unlimited liability" clause* he was warned about when he joined the market in 1986, two years before the disas*trous 1988 underwriting losses just* announced; he took heavy trading losses on Polly Peck shares last year and knew *similar commercial risks* lurked in Lloyd's.

But much of what he has read about the greatest crisis to hit Lloyd's and its Names this century has suggested that investors like him are "contemptible people living the life of fat cats".

"Lloyd's Names have been humiliated," he said. "It is like we are pariahs, outcasts from society."

For many of the Names whose wealth backs underwriting on the market, this lack of sympathy – including comments about "whingeing and bitching" from Mr David Coleridge, the Chairman of Lloyd's – is almost as hard to *swallow as the losses.*

Mr Lewis is perhaps a typical Lloyd's casualty. Moderately wealthy and entrepreneurial without having any detailed knowledge of the market, he can handle this year's demands on his cash but is worried by warnings of £1bn losses next year.

More than two thirds of current Names joined Lloyd's in the decade before the disastrous 1988 underwriting year and were therefore not on board the 21-year long gravy-train since the last, more modest, losses.

While some unfortunates, like Mr Malcolm Gomm-Duncan – a Perthshire laird who sold his hereditary seat to pay debts and now lives in a farm cottage – have become celebrities parading their misfortunes, *most Names* have yet to bite the bullet.

Mr Lewis's increasingly focused *anger is also typical. "Lloyd's Names* are sick and tired of the chairman saying those people should not have been there in the first place when Lloyd's cynically sent agents out recruiting," says Mr Clive Francis, who faces a £45,000 bill on one of his 50 syndicates.

Self-recrimination combines with more than a tinge of disgust at what he calls the "posh-talking barrow boys" who introduced him to the market.

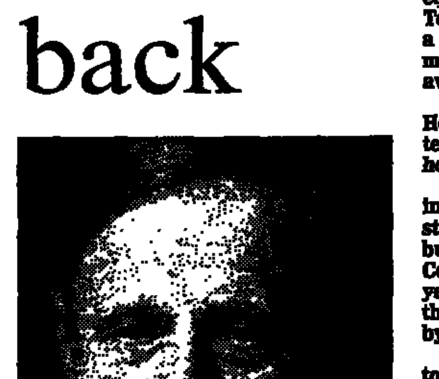
"A guest at my dinner table saw that we could live quite well," he says. "So with a mixture of flattery and greed I was hooked."

Some of the recruiting methods were more exotic. One barrister, embarrassed and frightened by £180,000 losses this year that will wipe out his reserves, was *persuaded to become a* Name on a tennis court in Marbella.

Another newcomer, Mr Paul Duffy, then a manager of *concessions for the* Stranglers pop group, only received details of his syndicates after a trip to Cowes and a second visit to the Yacht at St Katharine's docks in the City.

He had hoped to retire from showbiz, live off the promised income from Lloyd's syndicates and do Church voluntary work. Instead his losses have forced him to take in lodgers and a job editing an insurance magazine.

He was never told about unquantifiable losses from pollution claims now *emerging from the US and says worries* about Lloyd's are beginning to take over his life.



Mr Tom Benyon: disaffected Name, former MP and 'union' organiser

Many of the introductions to Lloyd's were informal. "The implication was it is an honour to be a Name so what were you asking *questions for,*" says Mr Peter Watling, an investment manager who says he would not now recommend Lloyd's to anyone. "There have been 300 years of no proper regulations."

Perhaps the most worrying aspect is how some agents appear to have shovelled Names on to suspect syndicates. Many new Names are angry that they figure so prominently on so-called excess of loss syndicates which have been particularly hard hit. Two of the *troubled syndicates, Gooda Walker* and Feltrim, are accused of not having adequate reinsurance in place when the Piper Alpha oil rig exploded in 1988.

"My agent told me bad luck; I call it bad underwriting," said Mr Ulic Alen-Buckley, an insurance broker with losses of £20,000.

More sinister than charges of incompetence is the suspicion that market outsiders and insiders have not had equal access to the good syndicates. Mr Tom Benyon, the former Tory MP and a suffering Name, has questioned how market insiders have almost entirely avoided some troubled syndicates.

"I feel we were cannon fodder," says Howard Kenton, whose wealth guarantee to Lloyd's is backed by his only *house, which he could soon lose.*

The view was shared by a seasoned insurance broker as he watched Names *stream into Richard Rodgers' futuristic* building on Wednesday to hear Mr Coleridge warn of worse losses next year. "These people are like lambs to the slaughter, they were carried away by the whole atmosphere of the place."

The response from Names has been to organise. They say the task force led by Mr David Rowland, the chairman of Sedgwick insurance Group, and advised by McKinsey, the management consultant, will at best deal with the future. Their problems are immediate.

Members from *at least* seven syndicates are suing their agents for negligence. Another has taken Lloyd's itself to court *for the first time in history.*

And next week, Mr Benyon will officially launch the Society of Names, a *union of fighting Names, which will* pool resources for more concerted legal action against Lloyd's agents and possibly the corporation. He has a large potential membership. Nearly 40 per cent of Lloyd's entire list of 26,500 Names are connected with groups considering litigation.

And the temperature is unlikely to fall as some broken Names consider using their last assets for legal actions rather than payment of Lloyd's debts.

"Who knows we may end up in years meeting in a gentleman's club like First World War veterans," says Victor Lewis. "But we are getting angrier and angrier and we and not going to go away."

Wet weather smiles on travel agents

Package holiday sales are up, says **David Churchill**

The wettest June on record has driven *Britain's seaside resorts,* already gloomy because of the recession, to despair. "The past two to three weeks have been really bad for tourism," admits Mr Tim Whitehead, director of tourism for Torbay on the south coast.

But Britain's package tour operators and travel agents are delighted at the grey skies: "Sales every day over the past couple of weeks have been up 50 to 60 per cent compared with last year," says Mr Keith Waller, marketing director of *the Owners Abroad travel* group, the UK's second-largest tour company.

"British holidaymakers are desperate for some sunshine: it's definitely a case of Filey and Paignton out, and Florida and Portugal in!"

Such hyperbole may be premature, given the unpredictability of the British weather and consumer. But after being hit by the Gulf war, recession, the collapse of the International Leisure Group (then the UK's second-largest travel company) and the near-collapse of the Association of British Travel Agents, its leading trade association, the UK pack*age holiday business can be* forgiven for blessing the wet weather.

It has been a close-run thing. The Gulf hostilities coincided with the peak booking period; and during those six weeks in January and February holiday bookings fell to a third of the level of a year before.

Travel agents were hard hit. Thomas Cook, the market leader with a 40 per cent share, was forced to announce wage cuts just when it was launching celebrations for its 150th anniversary. Hogg Robinson, the travel, transport and distribution group, announced this week that its travel business *made its first trading loss of* £2.6m in the year to the end of March, compared with a £2.3m profit last year.

In part, the travel agents were to blame for their woes. They had started a round of discount deals to boost market share, but in a falling market, price-cutting spelt disaster.

"Thankfully, we were saved by the demise of ILG," points out Mr David Parkins, Thomson's sales director. The 600,000 already booked with Mr Harry Goodman's ILG were re-distributed among other companies.

With about 1m holidays taken off the market by ILG's collapse, reduced supply and reduced *demand* have gone hand in hand this summer. In spite of the late booking rush, the overall UK package holiday market is still expected to be about 10 per cent down in volume this year – nearly 1m fewer holidays will be sold. *The market growth of the late* 1980s will be virtually wiped out as sales hover at about 9m.

Lost sales mean a restructuring of travel agencies is under way. Privately-owned Carlson Travel of the US, which last month bought the 60 travel shops previously owned by W H Smith, is expected shortly to acquire Pickfords Travel from the NFC group.

The underlying booking trend remains worrying. "I think it is a question of confidence," says Mr Parkins. Already, tour operators' main concern is the level of sales for next winter and, within two *months, they will have to* decide prices for their summer 1992 campaigns.

LETTERS

The more likely source of pension security

From Mr Alan Smallbone.

Sir, Your leader ("Equal pension", June 27) expresses concern that firms may abandon "final" pay schemes in favour of money purchase arrangements, on the grounds that these provide uncertain benefits.

But final schemes provide predictable pensions only for those who stay with the same firm for decades and only then if they are allowed to remain until normal retiring age; most schemes' members do not.

As the OPB report (Cmnd 8649: Note 1 Chap 9) recorded, fewer than 25 per cent have anything approaching adequate pensions. For the 90 per cent who cannot be sure of lasting the course, 30 years of "10 per cent of annual pay contributions" to a firm's (or succession of firms') defined contribution scheme are far more likely to provide security than the appalling benefits paid to "early leavers" in the private sector.

Alan Smallbone,
30 Temple Fortune Lane,
London NW11 7UD

A stag rather than an investor

From A M Christensen.

Sir, Mr Richards, (Letters, June 22) writes to complain that as a "small investor" he has been disadvantaged by the delay in receiving the allocation papers resulting from the Scottish Electricity flotation.

May I suggest that Mr Richards is not the "small investor" that he claims to be, but possibly a speculator seeking quick returns from the age-old practice of "stagging" new issues. Investment is something completely different.

A M Christensen,
The Dower Cottage,
Crumlin House,
Rue de l'Eglise,
St Peter,
Jersey

Alcohol consumption dangers in abolishing EC fiscal frontiers

From Mr Tony Humphris.

Sir, David Buchan's report, "European Dream Begins to Take Real Shape" (June 26), correctly states that the proposals for the abolition of fiscal frontiers will result in no changes in VAT and excise duties in the UK.

However, the agreement has wider implications in the scrapping of the Commission's earlier proposals for "target" rates of excise duty. These would have resulted in considerable reductions in prices for beer, wine and spirits, and, even if phased in over a period, this would have resulted in at least a 25 per cent rise in alcohol consumption and a corresponding rise in alcohol-related harm. Previous trends suggest a further 8,500 deaths could have resulted from alcohol-related causes by the year 2000.

However, the proposed minimum rates are still far too low to meet public health concerns, compounded by the chancellor's *volte-face* over duty rates on whisky. The cynical insistence on maintaining existing high rates in the UK and the *lowest possible levels in* southern Europe may suit our whisky exporters, but could lead, in the absence of continued border spot-checks, to a wider problem of smuggling of alcohol from lower to higher excise rate states. Without safeguards, the agreement could prove unsustainable.

Tony Humphris,
director of public affairs,
Alcohol Concern,
305 Gray's Inn Road, EC1

Equality of tax treatment only is aim of Scotch whisky industry

From Colonel H F O Bewsher.

Sir, In the Lex column of June 25 the most appalling ignorance is shown in referring to the "special pleading" of Scotch whisky concerning the proposal to "agree minimum rates of excise duty on alcohol, thereby pushing up the price of Scotch whisky in Mediterranean markets by £2.50 a bottle".

As Lex should know, the proposal does not relate to alcohol but only to spirits. A zero minimum rate is proposed for wine.

Far from "special pleading", the Scotch whisky industry argues only for equal treatment. The UK is the only major spirits exporter in the EC and our government should demand equal treatment with other alcoholic drinks. That is, all alcoholic drinks should be subject to the same minimum rate of duty per degree of alcohol.

Let us put the boot on the other foot. Can you imagine the French accepting a zero *minimum rate for spirits* and a high rate for wine? Wine would be defended, as they might put it, *"jusqu'à la dernière cartouche"!*

We would have expected Lex to have been able to recognise that UK producers are being denied a level playing field. A failure to do so risks material damage to the UK's national interest.

H F O Bewsher,
Director-general,
The Scotch Whisky Association,
17 Half Moon Street,
London W1

At odds or in sympathy with the opinions of the critics

From Mr Bruce Jefferson.

Sir, By all means let critics criticise, but please let us discourage them from misinforming. David Murray (Arts, June 25), as well as complimenting the RPO and André Previn on a performance of Dutilleux's second symphony, suggested that the audience was short-changed by not hearing Walton's Belshazzar's Feast. In fact, for two months prior to the concert, the programme was advertised and performed as such.

When changed, the excellent South Bank box office wrote on May 4 to all ticket purchasers informing them of the alteration and announcements were sent to all relevant media.

Perhaps the critic, neither reading newspapers nor actually purchasing a ticket, was the only member of the audience who was surprised by events.

Bruce Jefferson,
head of marketing,
Royal Philharmonic Orchestra,
16 Clerkenwell Green,
London EC1R 0DP

From Mrs S L Russell.

Sir, Malcolm Rutherford's review of Harold Pinter's The Caretaker (Arts, June 22) absolutely made my day.

I also went to see the play and, like Mr Rutherford, have not seen anything so dreary, depressing and pointless for a long time. Yet, most critics seem to fall over themselves in praising it.

It is almost like an epidemic – you must blindly praise Pinter, regardless of the plays he writes. It was so refreshing to read Malcolm Rutherford's words of common sense.

I also saw The Homecoming, and at least something happened in that, but what Pinter knows about women can be written on my little finger nail.

S L Russell,
5 Bushey Shaw,
Ashtead,
Surrey KT21 2WP

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Davies & Newman seeks £40m

By Jane Fuller

DAVIES & Newman, the parent of Dan-Air which negotiated a stay of execution with its bankers last October, is seeking £40m by issuing loan stock to plug its next working capital gap.

Mr David James, the company doctor who has run the group since November, described the quest for new investors as "Rescue Part II".

"It was inevitable that we would have to recapitalise."

The refinancing plan was announced alongside a pre-tax loss of £38.72m for 1990, compared with a £3.1m deficit in 1989. The loss per share was 369p (28.4p loss) and there is no dividend (8p).

Mr James blamed the Gulf crisis, which had cost £15m to £20m between September and this spring, and the collapse of the winter holiday market – "not even the pigeons were flying last November".

Interest costs were £9.74m (£9.14m). The group first extended its bank loan facility from £40m to £68m in October, and added another £12m in February to cover its spring peak. In December borrowings stood at about £60m, four times shareholders' funds of £15.09m (£40.98m).

Tony Andrews

David James: blamed the Gulf crisis and collapse of the winter holiday market for losses of £38.72m

Mr James said the latest debt figure was £52m, helped by £27.5m rolling in from the sale of Dan-Air Engineering.

The borrowing arrange ment with the banks, led by Lloyds, runs until the end of the year.

Mr James said: "I have to secure new finance and a continuation of the borrowing facility to get through next winter.".

As more than 70 per cent of the equity rested with five groups of shareholders, including the Newman family, a conventional rights issue did not seem appropriate.

The search for new investors was concentrating on City institutions familiar with the aviation sector. The most likely instrument was unsecured convertible loan stock, which would rank ahead of the ordinary shares.

One factor that might deter new investors is the £8.75m minimum fee that the banks were due to get on December 31, as part of the agreement reached with them last October. This was in addition to interest payments and could have risen to £15m or more.

So that new money will not be used to pay off the banks, they might be asked to convert that fee into loan stock.

Mr James said he was "not entertaining the possibility of failure" in the refinancing. But if there were unforeseen circumstances, the alternatives included merging Dan-Air with another airline or selling it.

The 38-jet airline was switching its emphasis from chartered to scheduled services. Dan-Air has been gaining routes formerly flown by Air Europe, part of the collapsed ILG empire.

Group turnover in 1990 was £380.75m (£375.79m). The group is not expected to return to profit until 1992.

The share price shed 13p to close at 110p.

Speyhawk shares drop 42% on midway loss

By Vanessa Houlder, Property Correspondent

SHARES IN Speyhawk, the property developer, yesterday lost 42 per cent of their value after the company announced an interim pre-tax loss of £10.6m and said it was passing its dividends, including that on the preference shares.

Mr Trevor Osborne, chairman, held out little hope of a rapid recovery. "The continuation of extremely difficult trading conditions is such that no improvement in the prospects for the group can yet be expected."

Sales in the half year to March 31 were £42.5m, compared with £130.3m. "We have slowed down because of the lack of sense in selling buildings that are half completed," said Mr Osborne.

There are unlikely to be major disposals until the next financial year. "We shall look very different in 12 months time."

The slower rate of disposals and the continued expenditure to finish buildings have marginally increased overall borrowings, which stood at £255m at the year end.

Mr Osborne said that its banking relationships were good on all loans. "There is no difficulty with the bankers," he said.

The pre-tax loss, which compared with profits of £6.12m was struck after interest and provisions of £17.1m.

The latest plunge in Speyhawk's share price follows sharp fluctuations earlier this year, when the shares rose from a low of 38p in January to 138p in March, as the company produced better-than-expected results.

The shares, which yesterday fell from 50p to 29p are now at their all-time low, reflecting concern about the company's future if it has difficulty in letting and selling its large schemes.

"The jury is still out," said one analyst. "They are in with a chance [of survival] if they go on selling."

There was a loss per share of 45.8p (earnings 15.7p). Last year there was an interim dividend of 3.5p.

P&O in talks to buy Trafalgar House's cargo shipping side

By Richard Tomkins, Transport Correspondent

THE PENINSULAR and Oriental Steam Navigation Company is at the final stages of negotiations to buy the entire cargo shipping operations of Trafalgar House, the construction and shipping group.

If agreed, the deal will consolidate P&O's position as by far the biggest British-owned container shipping company and will leave cruise shipping as Trafalgar House's only maritime activity.

P&O and Trafalgar House both refused to confirm or deny that the negotiations were taking place.

The cash deal – likely to be financed partly through a vendor placing – would result in the transfer to P&O of the assets and businesses of Ellerman, a Trafalgar House subsidiary with worldwide container shipping operations.

One analyst put the likely value between £50m and £100m.

Ellerman's prize asset is the Atlantic Conveyor, a modern container ship worth up to $40m (£24.7m).

It owns four other container ships and a small tanker, and also co-owns 11 container ships with other shipping companies.

Ellerman is a member of several consortia offering regular shipping services to the Mediterranean, Australia, the Arabian Gulf, South Africa and East Africa. Most of these are consortia in which P&O also has a stake.

P&O's motives in negotiating the deal are likely to be the further increase in its market share on existing routes and the rationalisation of surplus capacity.

This will inevitably create fears of further shrinkage in the UK fleet, with consequent losses of jobs for British seafarers.

Trafalgar House entered the shipping business through its acquisition of Cunard in 1971 and the purchase of Ellerman Line in 1987. It also tried to take over P&O in 1985, but P&O's chairman, Lord Sterling, led a successful defence against the hostile bid.

S Wales Elec under pressure as Welsh Water lifts holding

By Clare Pearson

WELSH WATER has lifted its stake in South Wales Electricity to 14.9 per cent in an apparent attempt to put pressure on the smaller utility into agreeing to its plans for close co-operation.

Mr David Jones, managing director of SWE which has repeatedly rebuffed Welsh's advances, yesterday said he was "amazed" and "shocked" at the move.

Welsh has bought the shares despite intense political controversy over diversifications being made by the water companies, charged under their licences with massive capital expenditure to improve water and sewerage services.

In a statement, Welsh said the investment had been made by the plc and the finances of the regulated subsidiary would be "in no way affected" by it.

It bought the extra 4.9 per cent stake at 260p a share for a total paid cost of £20m after taking into account further instalments. SWE's shares closed up 6p at 254p and Welsh's down 6p at 290p.

This month the Office of Water Services (Ofwat), the regulatory body, announced plans for a change in the water companies' licences to prevent the core water and sewerage services being affected by diversifications.

Yesterday Ofwat said it had been informed of Welsh's move and it appeared to meet the new criteria.

Welsh's investment in SWE has raised fears that it hopes to become "Wales plc" through a full takeover, although considerable obstacles stand in the way of such a step.

Until 2000, there is a 15 per cent shareholding limit that can only be waived by holders of 75 per cent of the shares. Even if they agreed to a merger, a golden share gives the secretary of state for energy power of veto until 1995.

See Lex

Walker may survive next week's removal attempt

By Maggie Urry

THE COMMITMENT of Brent Walker's banks to a speedy removal of Mr George Walker from the leisure group's board appeared to be weakening yesterday in the face of legal moves by Mr Walker.

On Thursday, the former chairman and chief executive of the heavily-borrowed company, served writs on eight of the group's leading banks saying he was applying for a High Court injunction to stop them making his dismissal as a non-executive director a condition of approving a financial restructuring of the group.

Bankers said yesterday that if Mr Walker got his injunction on Monday, or if he managed to muster sufficient votes to defeat a special motion to remove him at a meeting on Tuesday, that would not stop the restructuring going ahead.

The motion on Tuesday needs to be supported by 75 per cent of those attending and voting to deprive Mr Walker of his seat. Motions will also be put to remove Mrs Jean Walker and Mr John Hemingway from the board.

If Mr Walker survives on Tuesday, it would be a short-lived victory, one adviser to the company said yesterday. Further motions would be put at a later shareholders meeting which would require only a 50 per cent majority to remove the three.

Bankers said yesterday that the process of receiving approvals for the restructuring from the 47 banks which had lent to Brent Walker and the dozen lenders to William Hill, the company's bookmaking business, had slowed while the legal wrangling took place.

Brent Walker shares fell 1p to close at 27p.

Anglia TV falls to £3m as advertising recession bites

By Raymond Snoddy

ANGLIA TELEVISION yesterday became the latest ITV company to reflect the deepening advertising recession with the announcement of a 62 per cent fall in pre-tax profits for the six months to end-April.

The fall, from £8.08m to £3.07m, was struck from turnover ahead from £60.48m to £63.83m.

Advertising revenue declined to £52.22m (£54.63m) and levy payments to the Exchequer accounted for a lower £3.47m (£3.61m).

Anglia's share price fell by 8p to 148p on the results and other television industry shares were hit.

Sir Peter Gibbings, Anglia's chairman, said advertising revenue had suffered very severly from the recession although the company's share of the industry total had increased marginally.

He warned that there was no sign of any upturn in advertising revenue.

The interim dividend is being maintained at 2.86p from earnings of 4.35p (11.91p). The tax charge was reduced from £2.91m to £1.21m.

Revenue from the sale of programmes more than doubled to £10.26m.

There was also an extraordinary net profit of £1.34m mainly because of the sale of television interests in Hong Kong.

Anglia, which faces two rival bids in its battle to retain its franchise – Three East, backed by Emap, and CLT of Luxembourg and the Frost/Branson CPT-TV – said it remained confident it would win.

The company is changing its year-end from October 31 to December 31.

Royal Insurance sale plan aborted

THE PLAN by Royal Insurance to sell its reinsurance subsidiary to General Re, the largest US reinsurance group, has proved abortive, writes Nikki Tait.

The two parties, who announced in April that they had reached agreement in principle on the deal, said yesterday that the talks had been called off. That was just one day before the target date for completion.

The deal would have involved the transfer of Royal's 80 per cent stake in Royal Re – analysts had predicited that the transfer would have raised around £100m for Royal Insurance.

Both groups indicated yesterday that price, or more delicately, "perceptions of value", were behind the breakdown in talks. Complexities arising from different UK and US accounting methods, the question of whether the niche element to Royal Re's business should command a premium, and the recent increase in Royal Re's net worth, were among the difficulties cited by the two companies.

In April, Royal said that the proposed sale followed a strategic review of its operations worldwide.

MONTHLY AVERAGES OF STOCK INDICES

	June	May	April	March
Financial Times				
Government Securities	83.74	84.53	85.13	84.78
Fixed Interest	93.03	93.77	94.54	93.82
Ordinary	1951.7	1952.2	1983.2	1953.9
Gold Mines	197.6	155.1	140.8	144.4
SEAQ Bargains(4.45pm)	25,623	26,869	36,208	43,739
F.T.-Actuaries				
Industrial Group	1232.77	1233.85	1242.10	1210.35
500 Share	1330.25	1331.16	1342.30	1308.69
Financial Group	785.09	805.83	830.92	828.84
All-Share	1198.76	1203.75	1217.27	1190.89
FT-SE 100	2495.1	2493.3	2514.2	2449.8
FT-SE Eurotrack 100	1143.22	1127.59	1116.20	1079.20

	Highest June close	Lowest June close
Ordinary	1991.1 (11/6)	1877.9 (26/6)
All-Share	1220.12 (11/6)	1161.18 (26/6)
FT-SE 100	2542.6 (11/6)	2414.8 (26/6)
FT-SE Eurotrack 100	1165.54 (5/6)	1106.47 (26/6)

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am't Paid up	Latest Renunc Date	1991 High	1991 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
$100	F.P.	-	107	101	Abtrust Preferred Inc. Tst.	103	-1	M12.32	-	16.0	-
$102	F.P.	-	106½	104	Do. Zero Div. Prf.	106½	+½	-	-	-	-
-	F.P.	-	41	10	Aegis Warrants 5p	41	+1	-	-	-	-
§	F.P.	-	185	185	Brockhampton 10p	185		-	-	-	-
§	F.P.	-	33	33	Do. A Warrants 10p	33		-	-	-	-
§	F.P.	-	145	140	Do. Non/Vtg. A 10p	145		-	-	-	-
100	F.P.	-	102	97	City Merchants High Yld	97		N7.5	-	10.3	-
-	F.P.	-	½	¼	Gaelic Res. Wrnts.	½		-	-	-	-
†	F.P.	-	41	27	Globe Petroleum	33		-	-	-	-
‡230	F.P.	-	245	205	Greencore Ir£1	213		u6%	5.9	1.9	9.0
385	F.P.	-	335	272	Manchester United 10p	288	+2	-	-	-	-
†	F.P.	-	908	691	Manpower Inc. 1c	883		-	-	-	-
125	F.P.	-	127	100	Mirror Grp. Newspapers	100	-3	R6.55	1.7	8.7	9.0
100	F.P.	-	113	100	Moorgate Smaller Co's.	109		M4.13	-	5.0	-
35	F.P.	-	39	36	Do. Warrants	36		-	-	-	-
240	100	-	124½	109½	Scot Hydro-Elect. 50p	114½	+4	R9.13	1.9	10.6	6.1
240	100	-	119½	102½	Scottish Power 50p	106½	+2½	L9.2	q2.1	11.5	4.7

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
§	F.P.	-	107p	106p	Brockhampton N/V 9½pc Rd Prf 1996 £1	106p	
100	F.P.	-	110¼	98¾	Burmah Cap (Jersey) 9½pc Cnv Bds 2006	100	-⅛
100	F.P.	-	100	97	EE Finance 8¾pc Gtd. Exch. Bds. 2006	97½	-½
100p	Nil	-	4½pm	2pm	Queens Moat Houses 7½pc Cv Rd Pf	2pm	-1
100	F.P.	-	103¾	96¾	RMC Capital 8¾pc Cnv. Bds. 2006	96¾	-1
100	F.P.	-	103½	96¼	Tarmac 9½pc Cnv. Cap. Bds. 2006	96¼	-1¼

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
31	Nil	-	5pm	2½pm	Anglo United 20p	2½pm	
315	Nil	-	70pm	54pm	Bespak 10p	54pm	-1
62	Nil	-	19pm	13pm	Blacks Leisure 50p	13pm	
100	Nil	-	15pm	12½pm	¶Flextech 10p	14pm	
52	Nil	-	8pm	3pm	Gardiner Group 5p	5pm	
380	Nil	-	51pm	38pm	Heath (C.E.) 20p	40pm	+2
100	Nil	-	30pm	23pm	Jarvis Porter 10p	23pm	
72	Nil	-	5pm	2pm	McCarthy & Stone 20p	2pm	
265	Nil	-	40pm	30pm	Morland	33pm	+3
300	Nil	-	91pm	72pm	Smith (W.H.) A 50p	72pm	
150	Nil	-	24pm	7pm	Staveley Inds.	7pm	
22	Nil	-	¼pm	¼pm	The Rack 5p	¼pm	
55	Nil	-	11pm	5pm	Trade Indemnity	6pm	
10	Nil	-	¼pm	¼pm	Welpac 7p	¼pm	
130	Nil	-	19pm	9pm	Westbury 10p	11pm	
140	Nil	-	18pm	4pm	Whitecroft	5pm	+1
25	Nil	-	½pm	¼pm	Wiltaire 20p	¼pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. § Offered to holders of ordinary shares as a "rights". † Introduction. ‡ Placing price. †† Reintroduction. ¶ Unlisted securities market. § Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings June 24
- Last Dealings July 5
- Last Declarations Sept. 26
- For settlement Oct. 7

For rate indications see end of London Share Service

Calls in **Atlantic Res., Aviva Pet., Birkdale, Brent Walker, Conroy Pet., Interlink Express, Kenmare, Next, Premier Cons., Scottish Power** and **Trimoco.** Puts in **Hadleigh Inds.** and **Misys.** Put and call in **Oliver Res.**

Cash call and fall in Burton price forces share division

By Maggie Urry

FROM THE balance sheet point of view Burton's £161m rights issue appears a drastic solution to its problems.

In order to make the issue at all – a 1-for-1 at 30p – Burton will have to reorganise its share capital to avoid the legal requirement not to issue shares below their nominal value. Burton's is 50p.

When Burton started serious preparations for the issue five weeks ago this was not a concern. But the slide to yesterday's opening price of 46p necessitated the move.

In place of the 50p shares holders will receive one 10p share and a 40p deferred share. All the rights of the old shares, such as to votes and dividends, will stay with the 10p shares. The 10p shares will receive a 1p final dividend, compared with the 3p final paid on the 50p shares last year.

The deferred shares will not be listed and will have no value. Shareholders will have to approve the reorganisation at a special meeting on July 22. Eventually the deferred shares will be cancelled, requiring the sanction of the High Court.

The effect on the net assets in the balance sheet is to repair most of the damage that will be done in the present year to the end of August. The group is forecasting a transfer from reserves, to cover losses, write-downs of properties and dividends, of £188.9m.

After the rights issue and adjusting for the forecast results, the group's net assets will be £709.6m, a fall from £737.5m at September 1 last year. Net debt will be £219.3m, 30.9 per cent of shareholders' funds, after using the rights money to repay borrowings. In the last balance sheet net debt stood at £339m, excluding off-balance sheet borrowings.

The issue is underwritten by SG Warburg, and brokers are Cazenove and de Zoete & Bevan.

Monarch Resources writes off $35.55m

By Kenneth Gooding, Mining Correspondent

MONARCH RESOURCES, the mining group, made an extraordinary charge of $35.55m (£21.81m) in its results for 1990 to write off goodwill. The new management team has also reported a loss at the pre-tax level of $6.3m, against a profit of $365,000 previously.

Attributable loss for 1990 was $41.75m ($41,000 profit), giving a loss per share of $0.455 ($0.008 earnings).

Monarch's shares shed a further 7p yesterday to close at 68p. They fell 18p on Thursday after Monarch released its results. In 1987 its shares were placed at 295p each and there have been rights issues of shares at 525p each since then.

The company said it wrote off its goodwill entirely because of the low gold price of recent years, the lower than planned performance so far at Revemin, its Venezuelan operations which recover gold from dumps, and "the need to abandon various of the concessions acquired at the time of flotation of the company".

Mr Michael Beckett, the new chairman, said that at the year end Monarch was debt free had net current assets of $1.26m and cash of $1.85m.

Cash flow currently depended entirely on the performance of its Revemin operations. They are now operating satisfactorily and efforts to improve capacity and efficiency continued.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 28.06.91: Pool purchase price £/MWh	Final Prices for Trading on 01.06.91: Pool purchase price £/MWh	Final Prices for Trading on 01.06.91: Pool selling price £/MWh
0030	18.00	18.08	18.08
0100	17.77	18.08	18.08
0130	18.09	18.08	18.08
0200	17.77	18.24	18.24
0230	17.77	18.24	18.24
0300	17.77	18.08	18.08
0330	18.09	18.08	18.08
0400	18.09	18.08	18.08
0430	18.09	18.08	18.08
0500	18.09	18.08	18.08
0530	15.78	18.07	18.07
0600	15.78	18.07	18.07
0630	15.78	18.07	18.07
0700	15.79	18.07	18.07
0730	15.80	18.18	18.18
0800	18.05	18.37	19.78
0830	18.65	18.37	19.75
0900	18.80	18.85	20.38
0930	19.21	22.34	23.85
1000	19.21	22.34	23.85
1030	24.86	22.34	23.84
1100	26.85	22.34	23.84
1130	19.80	22.34	23.85
1200	19.21	22.34	23.85
1230	19.21	19.83	21.06
1300	19.21	19.05	20.45
1330	18.80	19.05	20.46
1400	18.80	18.58	19.98
1430	18.05	18.56	19.95
1500	18.05	18.58	19.95
1530	18.05	18.56	19.95
1600	18.05	18.56	19.95
1630	18.05	18.56	19.96
1700	18.05	18.58	19.96
1730	19.50	37.56	39.80
1800	19.50	37.58	39.82
1830	19.60	37.58	39.81
1900	19.50	18.37	19.76
1930	18.48	18.37	19.75
2000	18.48	18.37	19.75
2030	18.48	18.37	19.75
2100	18.48	18.37	19.75
2130	19.50	18.37	19.75
2200	19.58	18.37	19.75
2230	19.50	18.37	19.75
2300	19.50	18.37	19.75
2330	18.48	18.37	19.76
2400	18.48	18.37	19.76

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.95/MWh becomes 1.695p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

NEWS DIGEST

Further placing at Birkdale

BIRKDALE Group, the marketing and advertising company formerly known as Brunning Group, has announced its second placing within seven months. It is raising a net £2.72m through a placing and open offer following the £1.45m raised in December.

Directors said they had intended eliminating debt through the earlier placing and property sales. However the severe deterioration in the second half of last year and the decision not to sell Burleighfield House had left present borrowings at £1.4m, down from £7m in November 1989.

Birkdale has placed 4.79m shares, about 29 per cent of the enlarged capital, with an open offer on a 5-for-12 basis at 62p. The shares closed at 61p down 4p on the day.

The company also reported an increase in pre-tax losses to £1.53m (£1.41m) in the year to March 31 on turnover of £25.8m (£71.7m). There were exceptional costs of £487,000 (£1.25m). Losses per share came out at 15.6p (19.9p).

Bad weather knocks Amberley back

Taxable profits at Amberley Group, the USM-quoted company involved in building preservation services, fell from £370,000 to £225,000 in the year to March 31, largely, the company claimed, as a result of adverse weather conditions.

Peter Cox, another property preservation company, has taken a 29.9 per cent stake and Amberley hopes this will help it develop additional activities in France and Belgium and reduce the impact of bad weather on its profitability.

Turnover was down at £3.3m (£3.66m) and earnings fell to 2.04p (3.27p) per share. The dividend for the year is maintained at 1.5p, in large part because pay-outs have been waived in respect of 4.25m of the 6.44m shares in issue.

de Morgan incurs £1.13m deficit

The de Morgan Group, an architect, surveyor and consulting engineer, ran up losses of £1.13m pre-tax for the year to end-April. That compared with profits of £414,000 for the preceding 55 weeks. Turnover fell by £2.41m to £2.69m.

Losses per share worked through at 5p (earnings 1.84p) after taking account of a tax credit of £252,000 (charge £179,000). The dividend for the 13 months is being omitted – for the previous 55 weeks shareholders received an interim of 1.375p but no final.

Avesco declines 80% to £1.15m

An 80 per cent drop in taxable profits, from £5.8m to £1.15m, was announced by Avesco, supplier of equipment to the radio and television industries, for the year to March 31.

The company said the deterioration in the world economy, uncertainties caused by the Gulf war and the virtual embargo on capital purchases caused by the impending awards of the ITV franchises in the UK were all harmful to business growth.

Turnover was down 33 per cent to £19.26m (£28.88m) and earnings per share fell to 2p (12.1p). An unchanged final dividend of 1p is proposed to hold the total at 1.5p.

T&N buys control of Czech company

T&N, the engineering group, has become the first British company to acquire a controlling stake in a Czech company offered for privatisation by the Czech government.

The equity investment in Osinek, the sole Czech producer of automotive brake and friction products, is "small" according to Mr Colin Hope, T&N's chairman, but the purchase will involve extensive transfers of technology, management and marketing resources to the Czech company which had turnover of Kcs227m (£4.4m) in 1990.

BM sells 49% of Blackwood arm

BM Group, the construction equipment distributor and maker that took over Blackwood Hodge last autumn, is selling 49 per cent of Blackwood's Australian operation to a Japanese consortium.

BM will receive A$19m (£8.9m) cash from Hitachi Construction Machinery, Tadano and Marubeni Corporation. It comes just in time to help year-end (June 30) gearing, for which BM had set a target of 70 per cent on shareholders' funds of about £120m.

Danae Investment net asset value down

Danae Investment Trust had a net asset value of 47.31p at May 31 compared with 58.26p a year earlier.

Net revenue for the year was little changed at £526,213 (£562,300) after tax of £176,429 (£195,564). Earnings per share amounted to 7.44p (7.97p) and an unchanged second interim dividend of 4.575p is declared.

Ensor Hldgs plunges 79% to £327,000

Mr Brian Morgan, chairman of Ensor Holdings, said that the UK recession had had a "devastating effect on all the group's activities, particularly house building". Taxable profits at this USM-quoted building products supplier and Mercedes-Benz distributor plunged 79 per cent to £327,000 in the year to March 31.

The fall from £1.58m was struck on reduced turnover of £52.7m (£56.4m).

Earnings dropped to 2.13p (10.53p) per share and the final dividend is passed leaving a total of 1.25p (3.3p) for the year.

Bentalls signs lease for Thurrock store

Bentalls, the department store group, has signed a lease on a 80,000 sq ft shop in the Thurrock Lakeside shopping centre in Essex following Lewis's going into receivership earlier this year.

Syltone up 13% as overseas sales grow

A rise in overseas sales, particularly in the US and Europe, helped Syltone, the transport engineering services group, lift pre-tax profits 13 per cent in the year to March 31.

Turnover moved ahead to £33.7m (£32.6m) with overseas sales up 23 per cent to £18.1m (£14.7m). The taxable result rose from £2.4m to £2.73m.

Fully diluted earnings per share improved to 19.81p (17.54p). A proposed final dividend of 6p (same) brings the total to 9p (8p).

Bankers Inv nav recovers to 116.6p

Net asset value at The Bankers Investment Trust recovered to 116.6p at April 30, against 103.4p at the same date in 1990 and 90.1p at October 31 1990.

Net revenue for the half year to end-April edged ahead to £2.39m (£2.21m) and earnings to 1.53p (1.41p) per share. The second interim dividend is lifted to 0.8p (0.66p).

Losses rise at Greenwich Comms

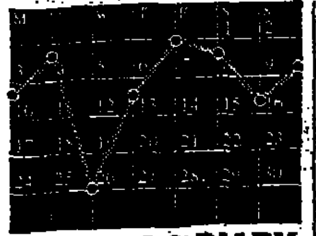
Losses before tax of Greenwich Communications widened from a restated £67,000 to £95,000 for the half-year ended February 28. Turnover was £42,000, compared with £68,000.

Losses per share amounted to 1.36p (0.96p). The USM company is engaged in radio and television services.

Cranbrook loss cut to £95,000

Helped by a £57,000 reduction in interest charges to £124,000 and a 16.5 per cent cut in operating expenses Cranbrook Electronic Holdings was able to cut its losses from £251,000 to £95,000 pre-tax for the half-year ended March 31.

Turnover declined to £4.27m (£5.27m) but gross margins improved to 30 (27.3) per cent. Losses per share were halved to 1p. The USM company distributes high technology electronic components.



ECONOMIC DIARY

TODAY: European Council summit meeting in Luxembourg.

TOMORROW: Denmark will join Britain at meeting of European Community foreign ministers in rejecting a federal future for the Community. Economic Commmunity of West African states meets in Abuja, Nigeria, to prepare for summit (until July 2).

MONDAY: Major British banking groups quarterly analysis of lending (March-May). US construction spending figures (May). Warsaw Pact final summit meeting in Prague. Caricom summit in St Kitts. Start of three-week long international conference on European minorities in Geneva, sponsored by the Conference on Security and Cooperation in Europe. One day conference in Oslo discusses Polish proposal to major Western creditor governments to swap 10 per cent of its debt for environmental projects.

TUESDAY: UK official reserves (June). US factory orders (May). African National Congress holds national conference in Durban (until July 7). Special meeting of Brent Walker shareholders. Trial of Mr Peter Clowes, former Barlow Clowes chief, and three others on charges alleging theft, conspiracy and fraud.

WEDNESDAY: Overseas travel and tourism (April). Advance energy statistics (May). Details of employment, unemployment, earnings, prices and other indicators. US single family home sales (May). British Rail annual report. National Economic Development Council meets. UN meeting discusses Africa in Geneva.

THURSDAY: Housing starts and completions (May). House renovations (first quarter). Cyclical indicators for the UK economy (April). Regional Trends 1991 edition published. Walton by-election. Mr Norman Lamont, chancellor of the exchequer, gives Institute of Economic Affairs lecture in London. Economic Community of West African states holds summit in Abuja: issues expected to include regional strife, including Sierra Leone and Liberia, economic and debt problems and further regional integration amid the collapse of dictatorial regimes.

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Friday June 28 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Thu Jun 27 Index No.	Wed Jun 26 Index No.	Tue Jun 25 Index No.	Year ago (approx) Index No.	1991 High		1991 Low		Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (184)	795.27	-1.5	11.43	6.06	10.75	17.53	807.25	803.07	813.86	900.08	890.04	15/3	675.31	16/1	1038.07 16/7/87	50.71 13/12/74
2 Building Materials (24)	1012.27	-1.5	10.29	6.13	12.15	28.15	1027.19	1021.82	1038.43	1155.81	1167.75	14/3	911.64	16/1	1381.08 16/7/87	44.27 11/12/74
3 Contracting, Construction (31)	1153.67	-0.9	9.94	6.81	13.24	31.53	1164.33	1162.65	1204.18	1481.69	1438.66	15/3	1051.83	23/1	1951.50 16/7/87	71.48 2/12/74
4 Electricals (10)	2260.08	-1.5	11.62	5.92	10.96	61.85	2293.76	2312.39	2344.89	2529.79	2495.28	3/4	1837.98	22/1	3040.80 8/9/89	84.71 25/6/62
5 Electronics (25)	1704.67	-1.2	9.13	5.28	14.57	10.00	1725.53	1706.49	1719.30	1807.96	1958.19	15/3	1478.08	16/1	2308.22 19/5/89	1229.01 8/10/85
6 Engineering-Aerospace (8)	417.54	-1.1	16.71	6.00	7.19	10.83	422.36	418.66	424.17	476.96	469.23	9/4	380.48	16/1	502.42 13/6/90	380.48 16/1/91
7 Engineering-General (46)	434.64	-0.6	12.72	5.87	9.51	9.64	437.35	436.32	436.58	498.02	468.00	5/4	339.57	23/1	505.10 15/6/90	339.57 23/1/91
8 Metals and Metal Forming (8)	421.30	-3.5	21.77	8.21	5.63	3.76	436.43	434.85	444.24	498.21	509.18	3/4	381.44	16/1	596.67 9/10/87	49.65 6/1/75
9 Motors (12)	313.92	-1.3	12.59	7.70	9.37	9.98	318.08	317.00	320.39	380.11	360.54	14/3	266.43	16/1	411.42 13/10/87	19.91 6/1/75
10 Other Industrial Materials (20)	1471.54	-1.9	9.53	5.45	12.34	33.45	1499.81	1489.43	1505.90	1622.60	1589.92	4/4	1147.76	16/1	1881.53 18/8/89	277.55 15/1/81
21 CONSUMER GROUP (187)	1416.27	-1.5	8.35	3.84	14.73	22.39	1437.76	1430.70	1447.48	1319.70	1490.47	11/6	1188.45	16/1	1490.47 11/6/91	61.41 13/12/74
22 Brewers and Distillers (22)	1736.42	-1.3	8.94	3.79	13.62	27.30	1759.54	1753.76	1776.99	1623.19	1849.73	11/6	1478.24	25/1	1849.73 11/6/91	69.47 13/12/74
25 Food Manufacturing (19)	1143.68	-0.5	10.06	4.32	12.27	22.69	1149.68	1143.41	1153.38	1125.73	1210.94	5/4	1013.60	16/1	1220.42 4/9/89	59.67 11/12/74
26 Food Retailing (17)	2563.42	-1.3	8.60	3.27	15.24	39.42	2598.19	2577.89	2590.01	2543.54	2864.91	2/5	2259.53	2/1	2864.91 2/5/91	54.25 11/12/74
27 Health and Household (22)	3422.02	-2.1	5.60	2.52	20.41	30.21	3494.50	3473.83	3518.50	2585.07	3578.84	17/6	2454.93	16/1	3578.84 17/6/91	175.38 28/5/80
29 Hotels and Leisure (23)	1229.71	-1.3	10.65	5.64	11.15	23.85	1245.91	1235.71	1250.53	1522.31	1399.64	14/3	1066.91	25/1	1845.77 8/9/89	54.83 9/1/75
30 Media (26)	1351.19	-1.7	9.51	5.21	13.33	29.60	1374.11	1372.67	1385.21	0.00	1521.09	17/4	1166.91	16/1	1521.09 17/4/91	1166.91 16/1/91
31 Packaging, Paper & Printing (17)	664.66	-0.8	8.36	4.96	14.47	14.33	669.70	668.37	680.12	608.60	700.18	14/6	486.96	16/1	739.48 16/7/87	43.46 6/1/75
34 Stores (32)	855.23	-1.9	9.05	4.24	14.45	15.89	871.98	869.79	882.84	812.71	934.99	15/4	766.89	29/1	1160.58 29/7/87	52.63 6/1/75
35 Textiles (9)	533.04	-0.3	9.79	5.82	12.56	11.43	534.87	525.38	535.77	504.88	563.46	3/4	396.58	28/1	914.52 2/10/87	62.66 11/12/74
40 OTHER GROUPS (109)	1185.52	-1.0	10.32	5.41	11.89	16.87	1197.48	1188.20	1194.72	1206.69	1244.60	11/6	961.05	16/1	1244.60 11/6/91	58.63 6/1/75
41 Business Services (12)	1235.83	-0.8	9.36	5.27	13.05	13.23	1245.57	1239.67	1251.87	0.00	1272.62	21/6	892.28	1/2	1272.62 21/6/91	892.28 1/2/91
42 Chemicals (21)	1357.40	-1.0	8.33	5.31	13.53	32.35	1371.75	1364.67	1375.08	1291.53	1405.39	17/6	1004.01	16/1	1545.46 5/10/87	71.20 1/12/74
43 Conglomerates (10)	1380.01	-1.5	11.05	7.52	10.93	31.93	1400.63	1382.79	1388.54	1694.64	1626.42	14/3	1217.37	16/1	1819.46 11/8/89	975.19 10/11/87
44 Transport (13)	2154.54	-0.7	8.54	4.89	14.59	38.36	2168.92	2162.23	2172.69	2326.27	2250.74	9/5	1730.87	23/1	2554.69 12/7/89	90.80 29/6/62
45 Electricity (16)	1162.74	-0.5	13.02	5.59	9.67	0.00	1168.21	1166.81	1165.72	0.00	1250.49	5/6	994.96	7/1	1250.49 5/6/91	994.96 7/1/91
46 Telephone Networks (4)	1385.83	-0.8	10.72	4.39	12.20	5.58	1396.37	1384.33	1401.09	1239.11	1497.25	14/6	1085.95	16/1	1497.25 14/6/91	517.92 30/11/84
47 Water (10)	2238.88	-1.1	18.46	6.88	5.99	39.69	2262.87	2258.06	2266.88	1961.92	2536.12	15/4	2134.83	16/1	2536.12 15/4/91	1820.20 1/5/90
48 Miscellaneous (23)	1916.58	-1.7	6.23	5.04	20.59	42.19	1949.82	1919.67	1912.66	1843.75	1953.51	18/6	1506.17	16/1	2087.06 11/7/89	60.39 6/7/75
49 INDUSTRIAL GROUP (480)	1192.34	-1.3	9.59	4.78	12.81	19.68	1208.43	1201.34	1213.44	1192.62	1259.44	5/6	991.97	16/1	1273.71 5/9/89	59.01 13/12/74
51 Oil & Gas (20)	2345.29	-0.2	11.58	5.84	11.37	50.59	2350.82	2345.54	2366.20	2503.07	2480.35	17/4	2101.45	21/1	2528.70 3/8/90	87.23 29/5/62
59 500 SHARE INDEX (500)	1289.83	-1.2	9.85	4.92	12.60	22.18	1305.37	1298.32	1311.18	1286.22	1357.90	17/4	1092.04	16/1	1369.88 16/7/87	63.49 13/12/74
61 FINANCIAL GROUP (94)	756.37	-2.2	-	6.30	-	20.54	773.85	770.99	777.97	809.35	859.94	15/3	667.36	16/1	896.67 13/10/87	55.88 13/12/74
62 Banks (9)	836.01	-3.5	7.17	6.62	21.10	22.63	866.00	861.87	865.69	838.00	950.35	14/3	695.08	15/1	950.35 14/3/91	62.44 12/12/74
65 Insurance (Life) (7)	1417.40	-1.5	-	5.84	-	41.64	1438.99	1440.33	1456.44	1519.19	1612.93	15/3	1220.74	16/1	1612.93 15/3/91	44.88 2/1/75
66 Insurance (Composite) (6)	644.16	-2.6	-	6.80	-	20.23	661.17	659.80	673.48	713.11	728.27	15/3	572.52	16/1	768.11 29/12/89	43.96 13/12/74
67 Insurance (Brokers) (8)	1123.96	-0.5	6.94	6.03	18.67	29.60	1129.47	1107.55	1109.43	1020.62	1202.38	5/4	932.88	23/1	1399.56 17/7/87	65.86 16/12/74
68 Merchant Banks (7)	414.18	+0.1	-	5.06	-	10.87	413.89	414.13	414.69	437.86	448.97	15/3	327.70	16/1	547.59 12/10/87	31.21 7/1/75
69 Property (37)	890.76	-0.3	6.92	5.36	20.02	18.80	893.47	896.44	907.82	1106.38	1087.65	15/3	890.76	28/6	1398.87 5/9/89	56.01 20/4/65
70 Other Financial (20)	260.82	-0.4	9.99	7.22	12.43	7.07	261.79	261.43	261.90	296.94	298.63	15/3	236.37	16/1	603.48 16/7/87	33.29 17/12/74
71 Investment Trusts (70)	1164.00	-1.1	-	3.62	-	18.66	1177.14	1169.62	1187.46	1220.43	1224.41	18/6	947.19	16/1	1323.81 4/1/90	71.12 13/12/74
99 ALL-SHARE INDEX (664)	1161.19	-1.3	-	5.06	-	21.47	1176.68	1170.72	1182.36	1171.28	1232.32	5/4	987.46	16/1	1238.57 16/7/87	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jun 27	Jun 26	Jun 25	Jun 24	Jun 21	Year ago	1991 High		1991 Low		Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX♦	2414.8	-37.7	2451.6	2414.7	2452.5	2437.3	2461.2	2458.3	2487.5	2374.6	2545.3	5/4	1990.2	28/9	2545.3 5/4/91	986.9 23/7/84

FIXED INTEREST

PRICE INDICES	Fri Jun 28	Day's change %	Thu Jun 27	Accrued interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (29)	120.55	+0.11	120.42	1.70	6.06
2 5-15 years (27)	129.28	+0.45	128.70	2.29	6.73
3 Over 15 years (9)	135.50	+0.78	134.45	1.99	6.44
4 Irredeemables (6)	147.74	+0.27	147.34	1.20	7.34
5 All stocks (71)	128.70	+0.36	128.23	2.07	6.57
Index-Linked					
6 Up to 5 years (1)	158.80	-0.09	158.94	0.43	2.72
7 Over 5 years (10)	144.95	+0.01	144.93	0.73	2.22
8 All stocks (11)	145.91	+0.01	145.90	0.72	2.23
9 Debs & Loans (56)	109.36	+0.03	109.32	2.33	5.03

AVERAGE GROSS REDEMPTION YIELDS		Fri Jun 28	Thu Jun 27	Year ago (approx.)	1991 High		1991 Low	
British Government								
1 Low	5 years	9.23	9.20	10.62	10.14	16/1	8.93	11/6
2 Coupons	15 years	10.13	10.19	10.61	10.24	2/1	9.46	19/2
3 (0%-7¾%)	20 years	10.13	10.19	10.61	10.26	2/1	9.53	14/2
4 Medium	5 years	10.53	10.57	11.95	11.15	2/1	10.04	20/2
5 Coupons	15 years	10.35	10.44	11.10	10.62	2/1	9.84	14/2
6 (8%-10¾%)	20 years	10.26	10.34	10.88	10.50	2/1	9.78	14/2
7 High	5 years	10.70	10.73	12.05	11.25	2/1	10.20	19/2
8 Coupons	15 years	10.51	10.60	11.34	10.80	2/1	9.98	14/2
9 (11%-)	20 years	10.38	10.47	11.12	10.67	2/1	9.90	14/2
10 Irredeemables	†	10.33	10.35	10.63	10.48	31/12	9.83	14/2
Index-Linked								
11 Inflation rate 5%	Up to 5yrs.	4.46	4.40	5.31	4.46	28/6	3.59	18/1
12 Inflation rate 5%	Over 5 yrs.	4.36	4.35	4.21	4.36	28/6	4.09	18/2
13 Inflation rate 10%	Up to 5 yrs.	3.54	3.47	4.23	3.54	28/6	2.13	21/2
14 Inflation rate 10%	Over 5 yrs.	4.17	4.16	4.02	4.17	28/6	3.90	12/4
15 Debs &	5 years	11.89	11.89	13.91	12.63	9/1	11.84	2/4
16 Loans	15 years	11.68	11.68	12.86	12.38	18/1	11.61	4/3
17	25 years	11.50	11.50	12.85	12.16	18/1	11.40	1/3

♦Opening index 2451.6; 9 am 2447.8; 10 am 2450.0; 11 am 2432.5; Noon 2426.3; 1 pm 2428.9; 2 pm 2431.4; 2.30 pm 2429.2; 3 pm 2427.6; 4.10 pm 2415.9; (a) 8.30am (b) 4.30pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323.
NAME CHANGE: Davis (Godfrey) (41) is now Davis Service Group. CONSTITUENT CHANGES: ADDITIONS: Holt (Joseph) (22), Scottish Hydro-Electric (45), Scottish Power (45), Sidlaw Group (51), Watson & Philip (26). DELETIONS: Burtonwood Brewery (22), Cabra Group (60), Graingar Trust (69), Hall Engineering (7), Linton Park (25), Merivale Moore (69), Pepe Group (35), Plaxton Group (9). RECLASSIFICATION: Scholl (34) to (27

LONDON TRADED OPTIONS

Option		CALLS Jul	Oct	Jan	PUTS Jul	Oct	Jan
Allid Lyons (*518)	460	61	76½	–	½	4¼	–
	500	26½	49½	57	5½	14	19½
	550	5¾	21	32	34	40½	42½
ASDA (*94)	90	7	8	11	1¼	5	6
	100	2	3½	6	7¼	11	11
	110	½	2¼	4	15½	19	19
Brit. Airways (*162)	140	22½	27½	30½	¼	3	4½
	160	7¾	14½	18	5	9	12
	180	1½	6	9½	18½	20½	23½
SmKl Beecham A (*757)	700	63½	83½	–	1½	10½	–
	750	23½	49½	66½	11½	23	29½
	800	5½	25½	43½	43½	49½	56½
Boots (*359)	330	32	43	49	¼	3½	6
	360	9	22½	29½	7¼	13	16
	390	1	10	15	30½	31½	34½
B.P. (*328)	300	30½	35½	40½	1	3	6¼
	330	7	15	22½	6½	12½	17½
	360	1½	5	11½	30½	31½	34½
British Steel (*122)	110	12¼	12¼	–	1	3	–
	120	4	5¼	7¼	6¼	7¼	9¼
	130	¼	2¼	4½	16	16½	18
Bass (*904)	880	38½	75½	–	7	18½	–
	900	–	–	78½	–	–	40
	929	13	46½	–	29½	40½	–
C & Wire (*529)	500	36	55	68½	3½	10	14
	550	6½	25½	40½	23½	31½	34½
	600	½	10¼	20½	69	70	72
Courtaulds (*408)	360	53	65	73	¼	3½	–
	390	26	42	52	3	10	13½
	420	7¼	23	34	13½	22	26
Com. Union (*487)	460	32	42	55	1¼	12½	16½
	500	7½	20	33	17½	31	35½
	550	1	7	15½	62½	68½	70½
Fisons (*479)	420	64	75	88	½	2	6½
	460	28	45	59	3¼	12½	18
	500	6½	22	36½	24	30	32½
GKN (*341)	300	42½	44½	–	½	4½	–
	330	18	25½	36½	4	14½	17½
	360	4	13½	22	21½	30½	33½
Grand Met. (*722)	650	75	89	–	½	7¼	–
	700	32½	53	72½	6¼	21¾	30
	750	9½	29½	45½	31½	48½	55
I.C.I. (*1243)	1200	63½	91½	126	13½	38½	51½
	1250	32½	65½	100	29½	61½	71½
	1300	15½	46½	76½	61½	90½	101
Kingfisher (*461)	420	44½	57½	–	1¼	7½	–
	460	13½	30½	46½	11	22	25½
	500	3	15½	27	38½	44½	48½
Ladbroke (*246)	220	27½	35	–	1	4½	–
	240	12½	21½	26	3¼	11½	13½
	260	3¼	11½	18½	15	21½	23½
Land Secur (*481)	460	26	41½	48½	1½	6½	11
	500	4	18	27½	20	23	29
M & S (*238)	220	20½	28½	–	1	3	–
	240	5½	15½	19½	6	9	12
Sainsbury (*346)	330	19½	32	40	2¼	6	9
	360	3¼	13¼	22	14½	15½	22
Shell Trans. (*514)	500	25½	36½	46½	3	14½	18
	550	1	10½	20½	35½	40½	42½
Storehouse (*97)	90	7½	11½	–	1½	4	–
	100	2¼	6¼	8½	7	9½	11
Trafalgar (*222)	220	11½	24	29½	7	15½	23½
	240	4¼	14½	20	20	26	34
Utd. Biscuits (*357)	330	30	39	46	1	5½	9
	360	8	18½	28	9	17½	20½
Unilever (*742)	700	49½	73½	89½	2½	9	13½
	750	15	40½	57½	17	25½	32½
Ultramar (*283)	280	10½	18	26	5	12½	15½
	300	3	9½	16½	18	25½	26

Option		CALLS Aug	Nov	Feb	PUTS Aug	Nov	Feb
Brit Aero (*579)	550	45½	57½	71½	7½	15½	22
	600	17½	29½	44½	29½	42½	42½
BAA (*441)	420	27	38½	47½	8	14	17½
	460	7½	18½	27½	30½	32½	37½
BAT Inds (*710)	700	38½	48½	68½	13½	27½	33½
	750	12½	24½	43½	41½	55	55
BTR (*369)	360	22	27½	40½	6¼	12½	15½
	390	8½	13½	25	23½	28½	31
Brit. Telecom (*348)	330	22	29	34	5½	9½	12
	360	5¾	14	19	22¼	24¼	27¼
Cadbury Sch (*347)	330	26	34	43	5	9	11½
	360	9	17½	27	18½	23½	25
Eastern Elec (*165)	160	9	12	13½	10	11	14½
	180	1¼	4¼	7	27½	27½	27½
Guinness (*968)	950	50½	74½	102	15½	31	36
	1000	23½	47½	73½	40½	52½	57½
GEC (*188)	180	11	14½	18	4½	6	7¼
	200	1¼	5½	9	18	19	20
Hanson (*201)	200	9¼	16	18¼	5	8	12
	220	2½	6½	9	20	20	25
LASMO (*333)	330	15½	27½	35½	11½	17½	20
	360	6	15	24½	30½	36½	39½
Lucas Inds (*141)	140	9	12½	15½	5½	10	11½
	160	2½	5¼	8¼	20	22½	25
P. & O. (*555)	550	32½	39½	52½	14½	27	32½
	600	10½	19	28½	44	58½	61½
Pilkington (*151)	140	17½	–	–	3	–	–
	160	7¼	13½	17	12½	14½	17½
Prudential (*223)	220	13½	17½	24½	6	11	13
	240	5	9	14½	17½	21½	23½
Racal (*206)	200	15¼	24	29	6	9	12
	220	6	13¼	19	17	20	23
R.T.Z. (*551)	550	25	39½	54½	15½	25½	30½
	600	6	18	31	48½	52½	55½
Scot. & New (*369)	360	15½	27	33½	12½	16½	20½
	390	5½	13½	20	31½	33½	38
Tesco (*260)	253	14½	–	–	4	–	–
	260	–	19	25	–	10½	12
Thames Water (*289)	280	6	16	22	9½	12½	16½
	300	2½	10	12½	25	28	30

Option		CALLS Jul			PUTS Jul		
STC (*320)	280	–	–	–	¼	–	–
	300	–	–	–	¼	–	–

Option		CALLS Sep	Dec	Mar	PUTS Sep	Dec	Mar
Abbey Nat. (*259)	240	24½	32	–	3½	5½	–
	260	11½	19½	24½	11	13½	15½
Amstrad (*52)	50	7	8	10	3½	5½	6½
	60	2½	5	6½	9	10½	12
Barclays (*427)	420	23½	36½	44½	15	22	27
	460	8	18½	26	40½	43½	47½
Blue Circle (*238)	220	26	32	39	6	9	10½
	240	14½	20½	28	14½	7½	20½
British Gas (*242)	240	8	13½	16	11¼	13	15
	260	3	6¼	9¼	26½	27½	28½
Dixons (*204)	200	14	19	25	9¼	12½	14½
	220	5½	11	16	20½	22½	25½
Eurotunnel (*438)	420	44½	62½	80	19	25	31
	460	26	39½	60	35¼	45	48
Glaxo (*1225)	1200	82½	113	148	40½	51½	61½
	1250	54	84½	118	65	77½	81½
Hawker Sidd. (*532)	500	36½	66½	81½	14	24	30
	550	29½	41	53½	35½	45½	53½
Hillsdown (*208)	200	17½	23	29	5	8	10½
	220	8	13½	18½	15½	18½	20½
Lonrho (*243)	240	13	22	24	10	13½	20
	260	5½	12	14½	24	26	32
Midland Bk (*184)	180	15	22	26½	8	9½	13
	200	7	13½	17½	20½	23½	24½
National Power (*137)	130	11	12	15½	6	6¼	8½
	140	4½	6¼	10	11	11	13
Reuters (*769)	750	58½	85	105	29½	17½	43½
	800	34½	58½	78½	53½	58½	67
R. Royce (*154)	140	19½	21½	26	3	4¼	6¼
	160	7	10½	14½	11¼	13¼	16
Sears (*73)	70	6	8	10	2	4	4½
	80	2	3¼	5½	7½	8¼	10
THF (*254)	240	23½	29	35	3¼	7	9
	260	12	16½	25½	11	15½	18½
Thorn EMI (*741)	700	45½	57½	68½	17	24½	28½
	750	16	33	43½	42	50	52
TSB (*139)	130	12½	–	–	3	–	–
	140	5¼	10	12½	7½	8¼	10½
Vaal Reefs (*$69)	60	12	15	16	3¼	5¼	7
	70	6¼	9¼	12	8¼	10¼	12½
Wellcome (*648)	600	76½	91½	111	13	20½	26½
	650	44½	61½	81½	28½	39½	46½

Option		CALLS Sep	Dec		PUTS Sep	Dec	
Scottish Power (*107)	100	12	16	–	2¼	3¼	–
	110	6½	11	–	6½	8	–

EURO FT-SE INDEX (*2416)

	2325	2375	2425	2475	2525	2575	2625	2675
CALLS								
Jun	107	57	½	½	½	½	½	½
Jul	110	66½	36½	16	6½	2½	1	½
Aug	131	–	64	–	22½	–	6½	–
Sep	149	–	84	–	40	–	15½	–
Dec	205	–	141	–	88	–	54½	–
Mar	252	–	193	–	139	–	92½	–
PUTS								
Jun	½	½	½	43	93	143	183	233
Jul	13	24½	43½	72½	110	152	199	248
Aug	24½	–	54½	–	112	–	192	–
Sep	35½	–	64½	–	115	–	186	–
Dec	44	–	78½	–	120	–	178	–
Mar	60	–	90½	–	130	–	180	–

FT-SE INDEX (*2416)

	2300	2350	2400	2450	2500	2550	2600	2650
CALLS								
Jun	132	82	32	½	½	½	½	½
Jul	134	90	53½	27½	11½	4	2	1
Aug	150	111	77½	49	28½	15	8	4
Sep	172	135	102	73½	51½	32	20	12½
Dec †	225	–	157	–	100	–	60½	–
PUTS								
Jun	½	½	½	18	68	118	168	218
Jul	11½	19½	34½	59	94½	140	190	240
Aug	19	30½	48½	71½	104	144	190	240
Sep	27½	41½	59	82½	114	152	194	240
Dec †	45	–	81½	–	133	–	200	–

June 28 Total Contracts 35,772
Calls 15,203 Puts 20,569
FT-SE Index Calls 2,179 Puts 11,600
Euro FT-SE Calls 306 Puts 387
*Underlying security price. † Long dated expiry months.
Premiums shown are based on middle prices.

INTERNATIONAL COMPANIES AND FINANCE

Fiat says reverse will top market's worst forecasts

By Haig Simonian in Turin

FIAT, the Italian automobile and industrial group, yesterday confirmed that net group profits this year would fall below the L1,613bn ($1.21bn) reported in 1990. However, it said earnings would not drop to the L700bn-L800bn level predicted by some analysts.

The company said sales in the vehicle business had been highly volatile, making a full-year profits forecast particularly difficult this year.

Group turnover was expected to rise by around 5 per cent *to L60,000bn, from L57,209bn in* 1990, as a result of the sale of the Telettra telecommunications business and the inclusion of the Enasa trucks and Ford New Holland tractors businesses.

Fiat executives based their bullish profits forecast on the *fact that group pre-tax earn*ings in the first four months of this year amounted to L1,004bn. Moreover, Fiat's core automobile business had been "in profit" over that period, they said.

However, the figure is well below Fiat's L1,415bn gross profits for the same period in 1990. Moreover, about half the January-April 1991 result comprises non-recurrent items, principally stemming from the sale of Telettra and Cavis, a subsidiary of Fiat's Magneti Marelli operation.

By contrast, only about L100bn of last year's January-*April figure was made up of* extraordinary items, a senior executive admitted.

In Italy, Fiat's group market share had fallen to around 47 per cent in the first five months of 1991, with stable Alfa Romeo and Lancia sales failing to make up for lost ground by the Fiat marque.

By contrast, sales to other European countries had risen by 7.5 per cent in the same period.

Mr Gianni Agnelli, Fiat's chairman, predicted that Japanese makers would capture around 5 per cent of the Italian market by the end of the decade, against negligible sales today. Half of their share would come out of Fiat's market share, he said.

Despite the continuing sales slowdown, Fiat is maintaining its ambitious investment plans, with annual spending of some L5,000bn.

However, heavy investment spending, falling sales and an equity buy-back programme would continue to bite into working capital.

Fiat's net group liquidity, which plunged to L570bn at end-December 1990 from L1,551bn at the same time the previous year, is expected to tumble to broad parity by the end of this year.

Citic to expand in Hong Kong

By John Elliott in Hong Kong

THE HONG Kong offshoot of Peking's China International Trust and Investment Corporation is to build up its presence on the colony's stock exchange by switching a 12.5 per cent stake in Cathay Pacific Airways and a 20 per cent stake in a Macao telecommunications company into Tylfull, a small listed company which it controls.

As part of a HK$3.1bn ($419m) Tylfull share and bond issue announced yesterday to pay for the acquisitions, Kerry Trading, a Hong Kong-based company controlled by Mr Robert Kuok, is taking a 20 per cent stake in the company. Mr Li Ka-shing, Hong Kong's leading entrepreneur, is taking 5.5 per cent.

Tylfull's name is to be changed to Citic Pacific to emphasise its role as a key investment vehicle, and it is looking for takeover prospects. It is also expected to buy more of Citic's other Hong Kong interests which include stakes in a regional communications satellite called AsiaSat, a cross harbour tunnel, and Dragonair, a small regional airline.

Citic is China's most openly capitalist corporation and its Hong Kong offshoot bought Tylfull, a small property investment company, early last year. This gave it an indirect way of becoming China's first major company on the Hong Kong exchange.

Mr Li has close links with Citic and is a shareholder in Peregrine, a financial services group which organised the deal.

Mr Kuok has a diversified business empire which was started in Malaysia's sugar industry and includes Shangri-La hotels. He is to become deputy chairman of Citic Pacific.

Citic had intended to organise the Tylfull expansion late last year but postponed the move because of market reaction to the Gulf war. Hong Kong's stock market is still relatively weak so share placements have been arranged to raise the HK$3.1bn instead of a public issue.

Subject to approval at an extraordinary general meeting, the HK$3.1bn will come from an issue of 1.49bn new shares at HK$1.35 each, a HK$500m bond issue, HK$400m of debt, plus HK$200m from internal resources.

Kerry Trading is buying 731m shares for HK$1.14bn plus HK$150m bonds, and two of Mr Li's private companies are buying 130m shares for HK$275.5m plus HK$100m bonds.

Citic Hong Kong will take up its full 49 per cent allocation, retaining its 49 per cent controlling interest. A 10 per cent block of 149m shares has been placed by Peregrine with institutional investors.

The Cathay Pacific stake was bought four years ago and was sold yesterday for HK$8 a share. The closing market price was HK$8.35.

Hoesch predicts another downturn

By Andrew Fisher in Frankfurt

HOESCH, the German steel and engineering company, is expecting another drop in profits this year, Mr Günter Flohr, the marketing director said at yesterday's annual meeting.

The main reason was the falling price trend in the steel industry. He told shareholders that operating profits fell to DM100m ($55m) in the first five months of 1991 from DM300m in the same period of 1990. Turnover was down by 6 per cent at DM4.4bn.

Mr Flohr said the order backlog in most parts of Hoesch was favourable and stretched well into the rest of the year. Last year, Hoesch turned in operating profits of DM440m,against DM517m the previous year, reflecting a drop of DM100m in steel profits.

Under its previous chief executive, Mr Detlev Rohwedder, who had left to run the Treuhand (east Germany's privatisation agency) and was murdered in April by terrorists, Hoesch had been undergoing extensive restructuring.

This process will be continued by his successor,Mr Kajo Neukirchen, who takes over in August after turning round Klöckner-Humboldt-Deutz, the engineering company.

Mr Flohr said yesterday that Hoesch would continue to shed activities that no longer fitted in with its main business.

Davy stake leads to write-offs at Spie

By George Graham in Paris

SPIE Batignolles, the construction and plant engineering division of France's Schneider group, has made provisions of FFr100m ($16.5m) on its investment in Davy Corp, the troubled British engineering group in which it owns a 14.7 per cent stake. In addition, it will have to write off another FFr120m if it accepts Trafalgar House's *offer for the company.*

The French company acquired its stake 15 months ago at a price equivalent to 235p a share in exchange for its Clecim metallurgical engineering subsidiary. Trafalgar House is offering 95p a share, valuing Davy at £114m($187m)

Mr Georges de Buffévent, Spie's chairman, is waiting until he has seen the details of Trafalgar's offer document before he makes up his mind, but he is widely expected accept the offer.

Spie warned shareholders at its annual meeting that the Davy write-off, as well as the economic climate and doubts over the payment of some of its contracts, meant 1991's profits would be well down on last year's net of FFr251.4m.

Among the problems facing the company are the Channel Tunnel, where cost overruns are still in dispute between Eurotunnel, the operating company, and Transmanche Link, the constructors' consortium to which Spie belongs. The company also has problem contracts in Iran and Venezuela.

The 1990 results include an exceptional profit of FFr36m on the transfer of the Clecim stake to Davy.

Separately, Spep, the holding company of the Schneider group to which Spie belongs, announced net profits of FFr538m in 1990, down 11 per cent on the previous year.

Club Med falls into the red

By George Graham

THE IMPACT of the Gulf crisis on tourism, particularly in north Africa, has pushed Club Méditerranée, the French holiday company, into a first-half net loss compared with a profit of FFr116.6m in the same period a year earlier.

The figures include a loss of FFr38m for Groupe Minerve, the charter airline of which Club Med owns 50 per cent.

Club Med said on a constant basis of consolidation it would have shown a net loss of FFr49.3m for the first half.

Sales fell 7 per cent to FFr3.39bn.

America West files for Chapter 11

By Nikki Tait in New York

CASUALTIES in the US airline industry continued to mount yesterday as America West, the *Phoenix-based regional* carrier, announced it had filed for protection from its creditors under Chapter 11 of the US Bankruptcy Code.

America West – one of the new non-union airlines which started operations in 1983 following the industry's deregulation – is the fifth carrier to seek bankruptcy protection. Eastern Airlines, which has now ceased operations, filed under Chapter 11 in 1989; Continental, Pan Am and the smaller Midway Airlines all followed suit over the latest *winter months.*

Like these forerunners, America West claimed the purpose of bankruptcy filing was *to allow it to reorganise* its finances, and to "realign its routes and revise its organisational structure". It stressed that its service would not be affected.

Fears that the airline could be headed for the bankruptcy courts have mounted recently after America West sought first to defer lease payments on its aircraft and then said it would omit certain bond payments due on July 1. Yesterday's news, however, still drove its shares down by a further $1½ to just $2.

Discussions with bankers and leasors have been underway for some time. In April, America West posted a first-quarter loss of $49.9m, and filings with the Securities and Exchange Commission showed it had violated bank covenants requiring it to carry certain amounts of unencumbered cash.

In June, the company suggested a scheme by which it would defer lease payments for up to three months, but commence full repayment of these sums in January 1992. Yesterday, Mr Ed Beauvais, the company's chairman and founder, conceded none of the alternatives explored so far with bankers and lessors had proved successful.

America West faced heavy losses in 1987, but survived helped partly by the sale of a 20 per cent stake in the airline to Australia's Ansett Airlines.

Its recent difficulties have stemmed from industry-wide problems relating to costs and traffic, badly exasperated by the Gulf War; debts and off-balance sheet leases of around $1bn; and a tough, and financially stronger, local competitor in Southwest Airlines.

Aside from the Ansett stake, about 40 per cent of America West's shares are held by management and employees. Some 80 of its 115 aircraft are leased.

Protection move hits TNT and News Corp

By Mark Westfield in Sydney

SHARES in Australian transport group TNT and its airline industry partner, News Corporation, plunged further on the Australian stock market yesterday, following the news that Phoenix-based associate America West Airlines had sought protection under Chapter 11 of the US bankruptcy code.

TNT dropped 11 cents during the day to close at 78 cents after dipping to 76 cents – just one cent above its record low of 75 cents in January – and News Corp lost 38 cents to close at A$7.22. News Corp has lost 25 per cent in the last four weeks.

The two groups jointly own Ansett Airlines, which has a 20 per cent stake in America West. Nervousness over the stocks centres around their exposure to Ansett Worldwide Aviation Services (AWAS), the world's third largest aircraft leasing group.

America West is AWAS's biggest customer with 11 aircraft on lease. The airline pays AWAS US$2.35m a month, but last month sought to suspend payments.

TNT has been hard hit in the market in recent months because concern about its liquidity and also because of its exposure to AWAS. News Corp, has been largely shielded until now by TNT's troubles, but traders are realising that News Corp is equally viable for any exposures to AWAS.

AWAS has 62 aircraft on lease, mostly to third world countries. It has placed firm orders over the next four years for 100 aircraft from various makers, mainly Boeing, worth about US$3.5bn.

Typically, AWAS pays a deposit on the aircraft then negotiates a rental with potential lessees as the aircraft near completion. In their latest accounts, TNT and News Corp noted contingent liabilities of A$936m – though only $12m was scheduled to come due over the next five years. This was the difference between the receipts on the shorter-term subleases, at which AWAS rents its aircraft to clients, and the payments on the long-term head leases from which AWAS takes the aircraft from the manufacturers.

TNT's share price has come under pressure recently as the market for second-hand aircraft has softened with the well-publicised problems of the global airline industry. The troubles at America West threaten to dump another 115 aircraft on to an overcrowded market.

BHP earnings soar to record

By Mark Westfield in Sydney

BHP, Australia's largest company, yesterday unveiled record net profits of A$1.42bn *(US$1.09bn) after being* boosted by strong earnings from its petroleum and minerals divisions which allowed it to shrug off a 53 per cent slump to A$261.5m in its steel division profit. Steel suffered a 20 per cent drop in demand, to its lowest level since 1983.

Overall after-tax earnings for the year to May 31 increased by more than 29 per cent, on a 16 per cent increase in turnover to A$15.6bn.

Directors announced a fully –franked final dividend of 21 cents a share, taking the dividend payout for the year to 40.5 cents, tax-free, compared with 1990's 36.5 cents.

BHP shares rose 25 cents on the day to A$12.75 on the news.

The result included abnormal profits of A$221.6m, largely from the sale of its 30 per cent stake in its North–West Shelf parner, *Woodside Petroleum.*

BHP's biggest profit generator for the year was its oil and gas division, which nearly doubled earnings from A$395m to A$650m.

Its partner in the large Bass Strait oilfield, Esso Exploration, *also announced a* substantial profit increase yesterday for the same reason. It more than doubled net earnings from A$214m to A$463m for the year, still short of its record A$580m in 1985.

Esso Exploration is a wholly-owned subsidiary of Exxon of *the US. Its earnings for the lat*est year were helped by the A$500m sale of its refinery and retail distribution businesses in 1990 to Mobil Oil.

Tate & Lyle gains 67% of Bundaberg

By Mark Westfield

TATE & LYLE has won control of the Queensland sugar miller Bundaberg Sugar after capturing 67 per cent of the stock yesterday as its A$325m (US$250m) hostile takeover entered its final stages.

The UK sweetener group declared its offer unconditional after winning 50.4 per cent by lunchtime yesterday, and was rushed by further acceptances mostly from small shareholders in the afternoon. Tate & Lyle will keep its A$4.10 share offer open until July 9 in the hope of gaining further acceptances so that it can compulsorily acquire the remainder.

Adviser to Tate & Lyle, Mr Bill Beerworth, said the UK group would keep Bundaberg as a listed subsidiary if it failed to reach the compulsory acquisition threshold.

Mr James Kerr Muir, a Tate & Lyle director, said he would meet Bundaberg management as soon as possible to begin talks on the future of the company. He said there would be no major changes.

Bundaberg processes about 20 per cent of Australia's sugar crop.

The Bundaberg board is due to meet this weekend to decide whether or not to recommend the bid to shareholders.

Monsanto plans 2,500 job cuts, $325m charge

By Karen Zagor in New York

MONSANTO, one of the biggest US chemical companies, yesterday said it would cut 2,500 jobs worldwide from its 41,000 workforce and take a second quarter after-tax charge of $325m or $2.54 a share.

In the 1990 second quarter, *the St Louis, Missouri-based* company had net income of $247m or $1.90 a share, but the earnings were muddied by extraordinary items, and underlying profits fell about 10 per cent in the quarter, reflecting the impact of bad weather on Monsanto's farm *chemicals operations.*

Monsanto, which moved away from commodity chemical towards less cyclical products in the 1980s, said its restructuring plan principally involves the consolidation of some of it chemicals unit operations.

The after-tax charge also includes the restructuring of Monsanto's agricultural business, announced last year.

The bulk of the job cuts will come from Monsanto's chemicals operations.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991	Low 1991
Gold per troy oz.	$369.40	+2.80	$352.75	$392.25	$353.55
Silver Per troy oz	276.55p	+4.16	277.60p	278.10p	183.35p
Aluminium 99.7% (cash)	$1325.5	+19.5	$1558	$1570	$1227
Copper Grade A (cash)	£1397	+28.5	£1534	£1472	£1241.0
Lead(cash)	£345	+1.5	£523	£382.5	£292.5
Nickel (cash)	$8452.5	+92.5	$8720	$9237.5	$8110
Zinc SHG (cash)	$1066	+27	$1756	$1430	$1039
Tin (cash)	$5695	-7.5	$5965	$5915	$5470
Cocoa Futures (Sep)	£597	-46	£773	£714	£598
Coffee Futures (Sep)	£551	-16	£567	£613	£520
Sugar (LDP Raw)	$264	+11	$313.5	$264	$194
Barley Futures (Nov)	£114.25	-0.50	£115.10	£121.50	£107.75
Wheat Futures (Nov)	£116.30	-0.75	£112.25	£141.10	£111.80
Cotton Outlook A Index	83.30c	-0.70	91.05c	86.25c	82.65c
Wool (64s Super)	387p	-7	480p	421p	329p
Oil (Brent Blend)	$16.70x	+0.225	$16.30	$29.15	$16.75

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-Aug.

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$15.65-5.70z	+.30
Brent Blend (dated)	$18.35-8.45	+.35
Brent Blend (Aug)	$16.65-6.75	+.275
W.T.I. (1 pm est)	$20.55-0.60z	+.325
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$239-241	
Gas Oil	$178-179	
Heavy Fuel Oil	$63-64	-½
Naphtha	$185-187	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$369.4	+3.9
Silver (per troy oz)♣	447.5c	+10.0
Platinum (per troy oz)	$376.10	+1.55
Palladium (per troy oz)	$96.75	+0.55
Aluminium (free market)	$1310	+10
Copper (US Producer)	104c	-2
Lead (US Producer)	33c	-1
Nickel (free market)	394c	+4
Tin (Kuala Lumpur market)	15.54r	+0.09
Tin (New York)	284.0c	-2.0
Zinc (US Prime Western)	62c	
Cattle (live weight)†	106.46p	-0.80*
Sheep (dead weight)†	120.17p	-8.32*
Pigs (live weight)†	70.82p	-10.0*
London daily sugar (raw)	$264.0x	+1.0
London daily sugar (white)	$307.5x	-3.5
Tate and Lyle export price	£273.5	+2.0
Barley (English feed)	£110.0z	
Maize (US No. 3 yellow)	£183.0u	
Wheat (US Dark Northern)	£100.0	
Rubber (Aug)♥	55.25p	-0.50
Rubber (Sep)♥	55.75p	-0.50
Rubber (KL RSS No 1 Jul)	231.5m	-0.5
Coconut oil (Philippines)§	$422.5x	
Palm Oil (Malaysian)§	$327.5u	
Copra (Philippines)§	$270x	
Soyabeans (US)	£163.5	-1.5
Cotton "A" Index	83.30c	-0.20
Wooltops (64s Super)	387p	-7

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct t-Jul/Sep u-Jul x-Jul/Aug y-Aug/Sep z-Aug. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Aug	227.40	236.00	236.00 220.00
Oct	186.40	194.60	196.60 183.20
Dec	178.00	186.30	185.00
Mar	178.00	185.20	186.00 175.60
May	177.40	186.20	186.40 177.00
Aug	183.40	189.20	187.40 183.00
Oct	186.40	190.20	189.40

White	Close	Previous	High/Low
Aug	310.0	306.9	311.0 308.8
Oct	286.5	289.9	288.0 284.0
Dec	266.0		265.8
Mar	258.0	262.9	262.0 266.5
May	259.0	262.5	262.0 258.8
Aug	286.0	268.5	265.6

Turnover: Raw 654 (768) lots of 50 tonnes. White 674 (1109)
Paris- White (FFr per tonne): Aug 1666, Oct 1651, Mar 1622.

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Aug	18.74	18.58	18.75 18.45
Sep	18.87	18.74	18.87 18.65
Oct	19.00	18.85	19.00 18.80
Nov	19.07	18.96	19.07
Dec	19.05	18.90	19.10 18.93
IPE Index	18.47	18.31	

Turnover 20505 (28299)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Jul	173.00	172.50	173.00 171.75
Aug	173.25	173.25	173.75 172.25
Sep	175.00	175.00	175.25 174.50
Oct	177.25	177.00	178.00 176.50
Nov	179.25	179.25	180.00 178.50
Dec	180.25	180.00	180.50 179.25
Jan	176.75	176.75	177.00 176.50
Feb	173.25	173.25	173.25 172.50

Turnover 15922 (16925) lots of 100 tonnes

SPICES
European and US markets have reacted calmly to the new joint marketing organisation for nutmegs and mace from Grenada and Indonesia, reports Man-producten. Prices remained stable during the week. Cassia: Indonesian prices unchanged in US dollars, but D-mark and Fl prices will increase. Cinnamon: Madagascar unscraped FFr4.50 per kg, July shipment. Pimento: Mexico new crop $1,550 a tonne. Spot Europe scarce, $1,700/$1,750 ex-warehouse, Jamaica $2,250 – no change. Honduras July/August shipment $1,735. Cloves: Madagascar spot Europe $1,900 ex-warehouse.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Jul	560	577	574 558
Sep	597	609	608 595
Dec	641	651	648 638
Mar	683	691	690 681
May	706	714	711 706
Jul	729	738	732 728
Sep	749	757	753 748

Turnover: 9546 (5064) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jun 27 788.17 (774.03) 10 day average for Jun 28 789.46 (788.76)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Jul	526	539	532 520
Sep	551	564	557 547
Nov	576	589	582 573
Jan	596	611	600 594
Mar	616	629	618 612

Turnover: 10980 (9645) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jun 27 : Comp. daily 65.40 (68.34). 15 day average 65.45 (65.54)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Mar	111.0	111.0	111.0
Apr	108.6	107.8	108.6 108.5

Turnover 131 (139) lots of 40 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Aug	133.00	134.00	

Turnover 0 (0) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Jul	1615	1615	1615 1600
Oct	1651	1658	1650 1645
BFI	1708		

Turnover 170 (200)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Sep	112.35	112.55	112.30
Nov	115.30	115.50	115.50 115.00
Jan	118.85	119.25	119.00 118.85
Mar	122.40	122.75	122.60 122.40
May	125.60		

Barley	Close	Previous	High/Low
Sep	110.70		111.00 110.85
Nov	114.25	114.60	114.50 114.25
Mar	120.30	120.70	120.30

Turnover: Wheat 123 (153), Barley 66 (30).
Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Jul	100.0	100.0	100.0 99.0
Aug	100.0	102.0	101.0
Sep	100.0		101.0
Oct	102.0		102.0
Nov	105.0		105.0

Turnover: 396 (38) lots of 3,250 kg

MGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	140.51				
Jul	141.00		141.00		75
Sep	142.90	142.00	142.90	141.40	100
Dec	142.60		142.60		20

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 18,036 lots
Cash	1325-6	1308-10		1306-7		
3 months	1356-7	1340-1	1366/1336	1337-8	1354-5	92,261 lots
Copper, Grade A (£ per tonne)						Total daily turnover 17,728 lots
Cash	1396-8	1371-3	1400/1379	1378-9		
3 months	1404-5	1386-6.5	1408/1389	1390-0.5	1408-9	130,830 lots
Lead (£ per tonne)						Total daily turnover 2,889 lots
Cash	344-6	341.5-2.5	345.5	345.5-6		
3 months	349-50	347-7.5	349/348	349-9.5	348-9	18,719 lots
Nickel ($ per tonne)						Total daily turnover 2,835 lots
Cash	8445-60	8355-75	8465	8460-5		
3 months	8425-30	8350-60	8475/8375	8435-40	8425-35	13,464 lots
Tin ($ per tonne)						Total daily turnover 1,141 lots
Cash	5690-700	5675-85	5670/5665	5695-700		
3 months	5775-80	5760-70	5800/5760	5780-5	5750-5	7,696 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 6,713 lots
Cash	1065-7	1063-7	1065/1064	1064-5		
3 months	1074-5	1073-5	1076/1073	1073-4	1074-5	28,150 lots

LME Closing £/$ rate: SPOT: 1.6190 3 months: 1.6016 6 months: 1.5907 9 months: 1.5789

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	369.30-369.50	
Opening	366.90-367.30	
Morning fix	366.90	226.481
Afternoon fix	368.35	226.677
Day's high	369.40-369.80	
Day's low	366.40-366.80	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.41	6 months	5.36
2 months	5.39	12 months	5.33
3 months	5.38		

Silver fix	p/fine oz	US cts equiv
Spot	274.50	446.35
3 months	282.10	452.00
6 months	289.40	469.60
12 months	304.20	476.35

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	369.00-370.00	227.00-227.50
Maple leaf	378.00-379.00	232.50-233.00
New Sovereign	89.00-90.00	54.75-56.25

TRADED OPTIONS

Coffee	Sep	Nov	Sep	Nov
550	20	46	19	21
600	5	22	54	47
650	1	10	100	65
Cocoa	**Sep**	**Dec**	**Sep**	**Dec**
550	53	98	6	8
600	21	61	24	21
650	7	35	60	45

Brent Crude	Aug	Sep	Aug	Sep
1850	26	60		55
1900	11	40	42	95
1950		21		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jul	368.1	366.0	0	0
Aug	370.0	367.9	373.0	366.7
Sep	371.7	369.6	0	0
Oct	373.5	371.3	376.1	373.0
Dec	377.1	374.9	379.5	375.8
Feb	380.7	378.4	381.5	380.5
Apr	384.2	381.9	385.2	384.5
Jun	387.7	385.4	0	0
Aug	391.4	389.1	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	378.0	373.2	380.5	374.0
Oct	383.6	378.5	386.6	379.5
Jan	388.1	383.0	389.0	384.5
Apr	392.1	387.0	393.0	390.0
Jul	396.1	391.0	395.5	395.5
Oct	402.4	396.8	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jul	442.4	438.5	449.0	437.0
Aug	444.5	440.8	446.0	446.0
Sep	447.5	443.8	454.0	442.0
Dec	455.3	451.5	462.0	450.0
Jan	457.4	453.7	0	0
Mar	463.8	460.1	469.0	469.0
May	469.6	465.9	0	0
Jul	475.4	471.7	478.0	477.0
Sep	482.0	478.3	483.0	483.0
Dec	492.1	488.4	495.0	490.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	101.00	100.10	102.15	100.30
Aug	100.55	99.60	100.70	100.60
Sep	100.15	99.10	101.20	99.30
Oct	99.65	98.50	0	0
Nov	98.95	97.90	0	0
Dec	98.45	97.40	99.30	97.60
Jan	97.90	96.95	0	0
Feb	97.40	96.95	0	0
Mar	96.85	95.80	97.40	96.00
Apr	96.40	95.35	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Aug	20.60	20.48	20.65	20.35
Sep	20.58	20.46	20.60	20.31
Oct	20.55	20.48	20.69	20.33
Dec	20.56	20.51	20.57	20.37
Jan	20.40	20.41	20.35	20.28
Feb	20.31	20.31	20.30	20.16
May	20.00	20.06	0	0

HEATING OIL 42,000 US galls; cents/US galls

	Latest	Previous	High/Low	
Jul	5510	5440	5510	5420
Aug	5565	5490	5580	5490
Sep	5690	5646	5690	5630
Oct	5800	5765	5810	5760
Nov	5920	5875	5920	5855
Dec	6010	5965	6010	5945
Jan	6015	6000	6020	5965
Mar	5650	5630	5660	5620

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Jul	860	891	890	860
Sep	908	933	933	905
Dec	962	995	987	959
Mar	1009	1031	1027	1005
May	1036	1058	1057	1043
Jul	1064	1089	1064	1064
Sep	1089	1114	0	0
Dec	1129	1154	0	0
Mar	1169	1194	0	0
May	1196	1221	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Jul	84.20	84.30	84.75	84.00
Sep	85.90	85.70	86.20	85.50
Dec	89.25	89.10	89.40	88.80
Mar	92.60	92.35	92.60	92.10
May	94.90	94.90	94.90	94.70
Jul	97.30	97.45	97.15	97.00
Sep	98.00	97.95	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	10.70	10.65	11.40	10.00
Oct	8.52	8.59	8.80	8.40
Mar	8.24	8.44	8.48	8.20
May	8.35	8.44	8.48	8.30
Jul	8.61	8.46	8.64	8.40
Oct	8.73	8.69	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Jul	71.00	76.98	73.00	71.00
Oct	74.90	76.90	74.90	74.90
Dec	71.96	73.96	71.96	71.96
Mar	72.70	74.70	72.75	72.70
May	73.10	75.10	73.80	73.10
Jul	73.45	75.45	74.00	73.45
Oct	69.28	70.20	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	111.30	112.05	112.60	111.20
Sep	113.90	115.00	116.25	113.75
Nov	114.25	115.05	115.05	114.25
Jan	114.15	115.00	115.15	114.25
Mar	114.15	115.10	115.25	114.40

INDICES

REUTERS (Base: September 18 1931 = 100)

Jun 28	Jun 27	mnth ago	yr ago
1774.5	1777.8	1713.2	1856.6

DOW JONES (Base: Dec. 31 1974 = 100)

	June 27	Jun 26	mnth ago	yr ago
Spot	128.84	129.39	127.47	131.81
Futures	124.94	125.94	126.65	131.81

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jul	528/0	549/0	536/0	522/4
Aug	529/2	552/6	538/0	524/4
Sep	531/0	553/4	540/0	526/0
Nov	536/6	560/2	547/0	531/0
Jan	547/6	570/6	555/4	541/6
Mar	557/0	581/2	564/0	552/0
May	566/0	590/0	573/0	561/0
Jul	572/4	597/0	580/0	569/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	18.53	19.15	18.90	18.25
Aug	18.63	19.31	19.10	18.37
Sep	18.79	19.52	19.25	18.53
Oct	18.99	19.67	19.40	18.71
Dec	19.31	20.02	19.70	19.05
Jan	19.47	20.15	19.90	19.25
Mar	19.80	20.42	20.35	19.60
May	20.00	20.67	20.45	19.90
Jul	20.15	20.85	20.60	20.15

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jul	160.6	167.8	163.5	158.9
Aug	162.4	168.7	165.0	160.9
Sep	163.3	169.8	166.0	162.2
Oct	163.0	169.6	166.0	162.4
Dec	164.2	169.9	166.8	162.8
Jan	165.3	170.8	166.2	164.0
Mar	168.0	172.5	169.0	167.0
May	168.7	173.2	169.0	168.0
Jul	170.7	175.0	171.6	170.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Jul	225/0	231/6	228/0	223/0
Sep	224/0	232/6	228/2	222/6
Dec	226/0	235/4	230/0	226/4
Mar	234/2	243/0	237/4	233/0
May	239/4	248/6	242/4	238/6
Jul	244/2	253/4	247/0	243/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Jul	264/2	265/0	264/6	258/4
Sep	275/0	276/2	275/4	267/0
Dec	290/6	288/6	291/4	287/4
Mar	298/4	295/0	299/4	289/0
May	298/4	292/4	298/4	291/0
Jul	287/0	284/6	287/0	284/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	72.22	72.05	72.30	71.77
Oct	74.50	74.60	74.65	74.25
Dec	75.65	75.77	75.77	75.32
Feb	75.07	75.35	75.37	74.85
Apr	75.40	75.67	75.60	75.35
Jun	73.85	73.85	73.85	73.65

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Jul	54.57	54.90	55.07	54.45
Aug	50.57	51.55	51.75	50.40
Oct	45.20	46.02	46.07	45.10
Dec	46.47	46.27	46.20	45.37
Feb	45.02	45.95	45.60	44.95
Apr	43.45	44.10	44.05	43.42
Jun	47.40	48.05	48.00	47.30

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	51.70	52.80	53.40	51.20
Aug	47.85	49.02	49.75	47.20
Feb	49.62	50.57	50.95	49.55
Mar	48.97	50.05	50.60	48.90
May	49.80	50.60	51.00	49.60
Jul	51.70	51.70	0	0

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

D-Mark falls against dollar

EUROPEAN CURRENCIES were hit by news of clashes between the Yugoslavian army and defence units from the breakaway territory of Slovenia. The crisis in Yugoslavia put pressure on the D-Mark, dragging all members of the European exchange rate mechanism down against the dollar.

Uncertainty about German tax policy also hit the D-Mark. This followed a ruling on Thursday by the German Federal Constitutional Court prompting speculation about the possible reintroduction of withholding tax on investment earnings. These factors, coupled with this week's failure of the Bundesbank council to raise official German interest rates, pushed the D-Mark down to its lowest level against the Japanese yen for 21 months. At the London close it had fallen to Y76.00 from Y76.95.

The Bundesbank sold $30m at the Frankfurt fixing, but dealers said the scale of intervention was little more than a gesture to indicate the central bank's concern about the trend.

A further indication that the US is moving out of recession provided support for the dollar, but this was not enough to prevent the currency losing a little ground to the strong yen.

The US index of leading indicators rose 0.8 per cent in May, after climbing 0.4 per cent in April. This was stronger than the widely forecast rise of 0.6 per cent and was the fourth consecutive monthly rise in the index.

Economists noted that this was the first time since January 1989 that the index had increased for four straight months. They were also impressed that gains were spread across a broad range of economic activity, with eight of the 11 component parts showing an improvement.

The dollar and the yen were the main beneficiaries from a general move out of European currencies.

At the London close the dollar had climbed to DM1.8145 from DM1.7940; to FFr6.1475 from FFr6.0875; and to SFr1.5580 from SFr1.5490, but had eased to 137.90 from Y138.05. On Bank of England figures the dollar's index rose to 88.0 from 87.7.

Sterling weakened in line with other European currencies against the dollar and yen, but improved against the D-Mark. The pound was on the sidelines however, lacking fresh factors and simply reacting to trends in other currencies rather than creating its own trend.

Sterling fell 1.40 cents to $1.6190. It also declined to Y223.25 from Y225.50 and to SFr2.5225 from SFr2.5300, but rose to DM2.9375 from DM2.9300 and to FFr9.9525 from FFr9.9400. The pound's index fell 0.1 to 89.6. It traded steadily within the ERM, remaining third weakest, above the French franc and bottom placed Danish krone.

£ IN NEW YORK

June 28	Latest	Previous Close
£ Spot	1.6200-1.6210	1.6325-1.6335
1 month	0.76-0.74pm	0.76-0.74pm
3 months	3.47-3.42pm	2.02-1.99pm
12 months	5.72-5.62pm	5.72-5.62pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.6190	1.6115	1.5998	1.5847	1.5625
D-mark	2.9375	2.9314	2.9233	2.9160	2.9015
French Fr.	9.9525	9.9382	9.9202	9.9005	9.8565
Swiss Fr.	2.5225	2.5150	2.5026	2.4878	2.4548
Yen	223.25	222.54	221.47	219.90	216.79

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jun 28	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.676	-3.71	5.06	64
Italian Lira	1538.24	1528.73	-0.62	1.77	35
Belgian Franc	42.4032	42.2882	-0.27	1.42	17
Dutch Guilder	2.31643	2.31413	-0.10	1.24	9
D-Mark	2.05586	2.05441	-0.07	1.21	10
Irish Punt	0.767417	0.767851	0.06	1.09	2
Sterling	0.696904	0.698696	0.28	0.86	-6
French Franc	6.89509	6.96291	0.98	0.16	-49
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

POUND SPOT - FORWARD AGAINST THE POUND

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

Long term Eurodollars: two years 7⅞-7¾ per cent; three years 8⅛-8 per cent; four years 8⅜-8¼ per cent; five years 8⅝-8½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

June 28	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.619	2.938	223.3	9.953	2.523	3.308	2183	1.850	60.40	1.423
$	0.618	1	1.815	137.9	6.148	1.558	2.043	1348	1.143	37.31	0.879
DM	0.340	0.551	1	76.00	3.388	0.859	1.126	743.0	0.630	20.56	0.484
YEN	4.478	7.250	13.16	1000.	44.57	11.30	14.81	9776	8.285	270.5	6.373
F Fr.	1.005	1.627	2.952	224.4	10.	2.535	3.324	2193	1.859	60.69	1.430
S Fr.	0.396	0.642	1.164	88.51	3.945	1	1.311	865.2	0.733	23.94	0.564
H Fl.	0.302	0.489	0.888	67.50	3.009	0.763	1	659.9	0.559	18.26	0.430
Lira	0.458	0.742	1.346	102.3	4.559	1.156	1.515	1000.	0.847	27.67	0.652
C$	0.541	0.875	1.588	120.7	5.380	1.364	1.788	1180	1	32.65	0.769
B Fr.	1.656	2.680	4.864	369.7	16.48	4.177	5.477	3614	3.063	100.	2.356
ECU	0.703	1.138	2.065	156.9	6.994	1.773	2.325	1534	1.300	42.45	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls Sept.	Calls Dec.	Calls Mar.	Puts Sept.	Puts Dec.	Puts Mar.
102	-	-	-	0.16	0.44	-
103	2.26	-	-	0.32	-	-
104	1.57	-	-	0.57	-	1.35
105	0.96	1.45	-	0.95	-	-
106	0.53	0.95	-	1.54	-	-
107	0.25	0.66	-	-	-	-
108	0.11	-	-	-	-	-
Open int	171,717	25,387	3,200	121,214	19,262	9,800

Estimated volume 32,534 Total Open Interest 350,580

POUND - DOLLAR

BANK RETURN

BANKING DEPARTMENT	Wednesday June 26, 1991	Increase or decrease for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	49,103,178	- 2,098,075
Bankers Deposits	1,888,524,487	- 23,232,821
Reserve and other Accounts	2,944,389,308	- 74,094,139
	4,690,569,969	- 99,428,035
ASSETS		
Government Securities	1,250,395,591	+ 14,106,000
Advance and other Accounts	1,769,398,883	- 1,293,294,665
Premises Equipment & other Secs	1,665,837,800	+ 1,178,095,137
Notes	4,720,834	+ 1,680,561
Coin	216,861	- 9,068
	4,690,569,969	- 99,423,035
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	15,905,279,166	+ 58,319,439
Notes in Banking Department	4,720,834	+ 1,680,561
	15,910,000,000	+ 60,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	11,393,102,581	- 413,441,891
Other Securities	4,505,882,319	+ 473,441,891
	15,910,000,000	+ 60,000,000

MONEY MARKETS

Bank underpins rate

THE SHORT end of the London money market was steady yesterday, showing no reaction to a move by the Bank of England to underpin the present interest rate structure.

Three-month sterling interbank was unchanged at 11⅜-11¼ per cent, after the central bank lent money at 11½ per cent as part of its daily market operations, but longer rates eased slightly, with one-year funds quoted at 10⅞-10¾ compared with 11-10⅞ per cent.

UK clearing bank base lending rate 11.5 per cent from May 24, 1991

Short sterling futures traded in a narrow range on Life. September delivery opened slightly firmer at 89.44, and closed at 89.47, compared with 89.43 previously. This points towards a three-month interbank offered rate of around 10½ per cent at delivery.

Day-to-day credit was in exceptionally short supply on the cash market. The Bank of England initially forecast a shortage of £2,050m, but revised this to £2,150m in the afternoon. Total assistance of £1,902m was provided.

An early round of help was offered and at that time the authorities bought £1,187m bills, including £88m bank bills outright, in band 2 at 11⁷⁄₁₆ per cent. Another £1,079m bills were purchased for resale to the market in equal amounts on July 17, 18 and 19, at rates of 11⁷⁄₁₆-11⅛ per cent.

In further operations before lunch the Bank of England bought £290m bills outright, by way of £129m bank bills in band 1 at 11½ per cent and £161m bank bills in band 2 at 11⁷⁄₁₆ per cent.

The authorities did not offer to buy bills in the afternoon, but invited the discount houses to use their borrowing facilities. A sum of £445m was then lent to the market for seven days at the existing bank base rate of 11½ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £3,315m, with a rise in the note circulation absorbing £565m and bank balances below target £55m. These outweighed exchequer transactions adding £1,740m to liquidity.

At the weekly Treasury bill tender the average rate of discount on £500m of 91-day bills rose to 10.7456 from 10.6877 per cent and the average on £200m of 182-day bills increased to 10.1882 from 10.1708 per cent.

The highest accepted rate on 91-day bills rose to 10.7896 from 10.7098 per cent, equal to a price of £97.310. Bids at that level received around 77 per cent of the amount applied for.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jun 28) 3 months US dollars		6 months US Dollars	
bid 6⅝	offer 6⅝	bid	offer

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

LONDON MONEY RATES

BASE LENDING RATES

	%		%		%
ABN Bank	11.5	Comm. Bk. of London Plc	11.5	McDonnell Douglas Bak.	11.5
Adam & Company	11.5	Co-operative Bank	11.5	Midland Bank	11.5
Allied Trust Bank	11.5	Coutts & Co	11.5	Mount Banking	11.5
AIB Bank	11.5	Cyprus Popular Bk	11.5	NatWestminster	11.5
● Henry Ansbacher	11.5	Dunbar Bank PLC	11.5	Northern Bank Ltd	11.5
B & C Merchant Bank	11.5	Duncan Lawrie	11.5	Nykredit Mortgage Bank	12
Bank of Baroda	11.5	Equatorial Bank plc	11.5	Provincial Bank PLC	14

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

NOTES— Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year, 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

NOTICE OF REDEMPTION to the bondholders of EEC

11½% ECU 30,000,000 1983/1993

Notice is hereby given that pursuant to clause "Redemption and prepayment, (b)" of the terms and conditions of the bonds, and to Article 4 of the Fiscal Agency Agreement dated July 4th, 1983, the EEC has decided to prepay on July 28th, 1991, the outstanding amount of the above mentioned issue, at a redemption price of 101%.

Therefore, the bonds will cease to be listed on the Luxembourg Stock Exchange.

BANQUE GENERALE DU LUXEMBOURG S.A.
The Fiscal Agent

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless *otherwise* indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 1774

Exchequer 10½% Stk 2005 – £100⅞ (24Je91)
Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) – £109⅝ ⅞

Corporation and County Stocks
[illegible]

UK Public Boards
[illegible]

Foreign Stocks, Bonds, etc–(coupons payable in London)
[illegible]

£105½
European Investment Bank 9% Ln Stk 2001 (Reg) – £87⅞ 8 ½
9½% Ln Stk 2009 – £88⅝ .45 ½
10¼% Ln Stk 2004(Reg) – £95½ ⅝
10¼% Ln Stk 2004(Br £5000) – £95⅝
11% Ln Stk 2002(Reg) – £99¾ (25Je91)
Finland(Republic of) 11½% Ln Stk 2009 (Reg) – £101¼ ⅝ (26Je91)
Hydro-Quebec 12.75% Ln Stk 2015 – £106⅝
15% Ln Stk 2011 – £123¾ (24Je91)
[illegible]

Sterling Issues by Overseas Borrowers
[illegible]

Banks and Discount Companies
[illegible]

Breweries and Distilleries
[illegible]

Building Societies
[illegible]

Registered Housing Associations
[illegible]

Commercial, Industrial, etc
[illegible]

Electricity
[illegible]

Financial Trusts, Land, etc
[illegible]

Insurance
[illegible]

Investment Trusts
[illegible]

Unit Trusts
[illegible]

Mines – Miscellaneous
[illegible]

Mines – South African
[illegible]

Oil
[illegible]

Property
[illegible]

Plantations
[illegible]

Railways
[illegible]

Shipping
[illegible]

Utilities
[illegible]

Water
[illegible]

Miscellaneous Warrants
[illegible]
– £1.03 1.04 1.07 (25Je91)
Citibank N.A.C Call Gold Warrants 7/1/92 – $15.61 (25Je91)

USM Appendix
[illegible]

Rule 535(2)
[illegible]

United Overseas Land S$1.64 (21/6)

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LONDON STOCK EXCHANGE

Gloomy close to the second quarter

THE FINAL trading day of the second quarter of the year came to a somewhat depressing close on the UK stock market yesterday as weakness in the German market acted as a further discouragement to London. The FT-SE Index plunged down through another significant chart support level to close 37.7 points off on the day at 2,414.8.

Yesterday was also the close to the two week trading, which has seen the market fall by 107.5 Footsie points. Trading volumes increased yesterday, although traders were quick to point out that the expiry of both the FT-SE June future and the FT-SE option contract yesterday brought the usual flush of technical activity as leading securities houses struggled to balance positions between the two derivatives sectors and the underlying equity market.

Account Dealing Dates		
*First Dealings:		
June 17	Jul 1	Jul 15
Option Declarations:		
Jun 27	Jul 11	Jul 25
Last Dealings:		
Jun 28	Jul 12	Jul 26
Account Day:		
Jul 8	Jul 22	Aug 5

*New-time dealings may take place from 8.30 am two business days earlier.

The final picture was extremely gloomy, with the FT-SE Index now showing few signs of any support level on the strategy charts before it reaches the 2,300 area, which would significantly undermine most City forecasts. For the near term, analysts warned that on Monday, the first day of the new trading quarter, the stock market faces a number of ex dividend quotations, which may put further pressure on a nervous investment climate. Government bonds gained ¼ or so on reported switching from eurobonds.

In addition to its concerns over the recessionary pressures on the domestic economy, fuelled this week by more bad news from the corporate sector, and its waning confidence in prospects for further interest rate cuts in the near term, the UK stock market flinched yesterday in the face of renewed weakness in Tokyo overnight and the sharp fall in the German equity sector.

Share prices opened steadily in London and did not come under significant pressure until European markets fell and the time for the expiry in the UK derivatives markets approached. The June future contract on the Footsie plunged just before expiry at mid-morning.

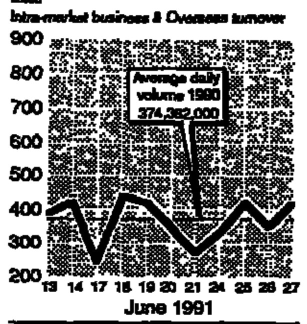
The early setback took the FT-SE Index down by 26 points, after which the market tried to settle as the derivatives markets quietened down. But an opening fall on Wall Street, which showed a loss of 31 Dow points in London trading hours, finally upset UK equities, driving share prices down to the lows of the session.

Seaq volume of 549.6m shares compared with 544.8m shares in the previous session. Traders said that it was difficult to establish the level of genuine investment activity because of the technical trading spurred by the derivatives market. At least one leading US securities firm and one leading London firm were identified as particularly active in the derivatives expiry.

● Equity turnover has traced an erratic pattern as the market has fallen. At mid-week, when share prices dipped sharply, trading volumes was significantly reduced.

London SE volume

Turnover by volume (million)
Excl:
Intra-market business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

	June 28	June 27	June 26	June 25	June 24	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	83.60	83.43	83.45	83.54	83.69	79.97	85.88 (19/2)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.95	92.81	92.80	92.82	92.82	88.22	94.84 (5/4)	90.69 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1877.9	1912.0	1901.5	1921.8	1921.1	1599.0	2014.5 (5/4)	1608.3 (16/1)	2014.5 (5/4/91)	49.4 (26/6/40)
Gold Mines	206.9	197.5	198.2	196.8	200.7	176.6	208.1 (11/6)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2414.8	2452.5	2437.3	2461.2	2459.3	2374.6	2545.3 (5/4)	2054.8 (16/1)	2545.3 (5/4/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1138.32	1147.11	1142.01	1156.66	1155.32	-	1192.11 (5/6)	938.82 (16/1)	1192.11 (5/6/91)	938.82 (16/1/91)
●Ord. Div. Yield	5.04	4.96	4.98	4.93	4.94	4.87				
●Earning Yld % (full)	8.86	8.71	8.76	8.67	8.70	10.75				
●P/E Ratio (Net)(*)	13.88	14.12	14.04	14.19	14.14	11.74				
SEAQ Bargains 4.45pm	26,778	25,726	25,190	25,107	22,421	23,661				
Equity Turnover(£m)†	-	N/A	858.71	703.90	583.21	783.76				
Equity Bargains†	-	25,964	25,029	23,765	22,489	22,557				
Shares Traded (ml)†	-	476.5	408.4	325.5	287.2	343.3				

Ordinary Share Index, Hourly changes — Day's High 1912.7 Day's Low 1877.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1912.5	1909.6	1911.0	1895.0	1899.5	1891.9	1892.4	1890.9	1879.5

FT-SE 100, Hourly changes — Day's High 2451.8 Day's Low 2414.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2451.8	2447.8	2450.0	2432.5	2428.3	2429.9	2431.4	2427.8	2418.5

FT-SE Eurotrack 200, Hourly changes — Day's High 1144.98 Day's Low 1136.30

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1144.98	1144.08	1138.39	1137.10	1138.00	1137.38	1136.87

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ● W 13.30

GILT EDGED ACTIVITY		
Indices*	June 27	June 26
Gilt Edged Bargains	78.3	70.1
5-Day average	75.4	76.4

*SE Activity 1974. †Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

Royal out of favour

Royal Insurance led the the rest of the insurance sector lower after a deal to sell a subsidiary fell through. Sentiment was also hit by report of an earthquake in Los Angeles, California, although UK insurance companies stressed that their exposure to the US West Coast was small.

Royal announced on April 16 that it had an agreement in principle to sell its 80 per cent stake in Royal Reinsurance to General Re of the US. The failure of the deal yesterday left the shares 20 lower at 406p. Analysts said that the company has the weakest capital position in its sector, a state of affairs which would be improved by sales of assets such as Royal Reinsurance.

The rest of the sector also underperformed. Bat Industries, which owns Eagle Star, lost 18 to 710p, Commercial Union slipped 8 to 488p, General Accident lost 10 to 523p and Sun Alliance shed 9 to 363p. Turnovers were above average.

Scottish activity

Scottish electricity stocks moved higher on speculation that some Scottish institutions had decided to give the shares a boost following their poor performance since floation almost a fortnight ago.

The appearance of several Scottish brokers bidding for large amounts of stock encouraged such talk. Since their stockmarket debut on June 18, the shares in Scottish Power and Scottish Hydro have drifted back to within 10 of their 100p flotation price.

Scottish Power rose 2½ to 106½p on heavy turnover of 18m; while Scottish Hydro rose 4 to 114½p as 11m changed hands.

Utilities move

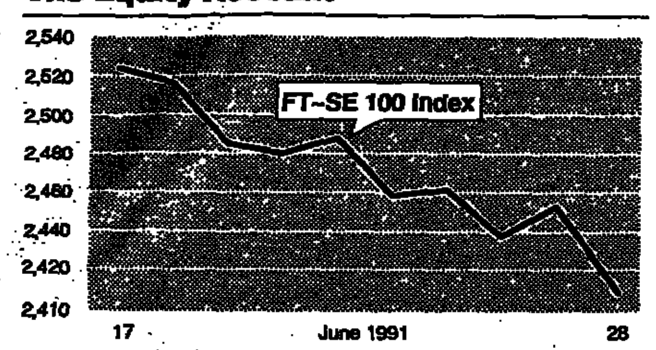
Recently privatised utility shares had an active session after Welsh Water announced that it had increased its stake in South Wales Electricity to 14.9 per cent from 10.

Welsh Water's move is seen as a way of increasing pressure on South Wales Electricity to agree to collaborate in areas where it believes savings can be made. Analysts believe it also leaves the door open to a bid at a later stage.

South Wales Electricity responded by saying that it sees no further material benefit to shareholders from further co-operation between the two companies.

For now, the market is not anticipating a bid and Welsh ended down 6 at 290p and South Wales rose 6 to 254up 6 at 254p. But utility sector specialists believe a full bid could be made if the Conservative party wins the next general election, due by June 1992.

The Equity Account



Source: Datastream

Over the two week equity trading account which closed yesterday, the UK stock market has fallen by more than 100 points, or just over 4 per cent. It closed last night some 35 points below the FT-SE 2,450 mark regarded until this week as the lower end of a trading range established three months ago. Forecasts for an economic recovery in the UK have been pushed out until until early next year and corporate results have remained dismal. But this week's sell-off was also triggered by the setback in Tokyo, and by weakness in other European bourses, emphasised by yesterday's fall in the German market.

Burton pressured

Shares in Burton, the fashion retailer, slipped further as the company announced a £161m rights issue at 30p and said that it would lose up to £166m afer exceptional items and extraordinary costs this year.

Despite announcing an extensive programme to improve its trading performance, including jobs cuts and a pay freeze, some institutional investors appeared to be unimpressed.

There was widespread speculation that an institution had sold 10m shares, with Cazenove, the broker, placing the stock. Burton ended 2 lower at 44p, a decline of almost a third, with 44m shares having changed hands.

Bank shares underperformed the market, hit by US selling and worries over who would follow in the footsteps of TSB, which earlier in the week revealed worse than expected results.

Midland and NatWest received the brunt of the selling, with the latter once more the subject of rights issue talk. Midland fell 12 to 184p and NatWest lost 14 to 298p. TSB failed to buck the trend, falling another 4½ to 139p, and other sharp fallers included Bank of Scotland, down 4 at 100p.

US investors seemed to abandon internationally quoted stocks, partly for technical reasons in the futures market. Glaxo slid 38 to 1222p despite the prospect of a presentation in New York after the London market closed yesterday. SmithKline Beecham dropped 11 to 754p, while Hanson remained above what traders say is a psychological level of £2 a share – it fell 3½p to 200½p in solid turnover of 8.8m. Fisons shed another 12 to 478p and BOC declined 15 to 559p.

There was no stopping Rothman International. The shares hit their third new high in succession in response to the better than expected figures this week and subsequent comment from analysts and the press. The shares added another 3 yesterday at 983p in good turnover and ahead of Monday ex-dividend date.

Smith and Nephew eased 3 to 127½p on signs that investors had switched into Unilever, down a penny at 742p.

Trafalgar House rose 2 to 223p as 5m changed hands following a newspaper report that it was negotiating to sell substantial parts of Cunard cargo shipping interests to P & O, which dipped 3 to 555p on 1m.

English China Clay rose a penny to 409p as Hoare Govett issued a buy recommendation which argued that ECC was poised to produce the returns that its market position promised. Hoare expects unchanged underlying trading profits this year but a 45 per cent increase to £140m in 1992.

Drinks stock were unable to shake off concern over domestic beer sales, which have been hit by rising unempoyment and poor weather. Grand Metropolitan fell 16 to 720p and Whitbread shed 14 to 448p. Judgement was reserved on Scottish and Newcastle, down 4 in line with the market to 370p, ahead of final results on Monday.

Cosmetics maker Kingsrange bucked the market's weakness after saying it had received a bid approach. The shares added 3 at 29p.

Capel said first half profits "would more than halve" against the previous comparable period. It predicted short term weakness in the shares although was positive long term. "We prefer buying Reed to Pearson and we're not even buying Reed at current prices," said a Capel analyst. Pearson slipped 15 to 684p in busy trade and Reed lost 7 to 394p.

A 62 per cent profits fall to £3.1m from Anglia TV depressed TV stocks.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 11.

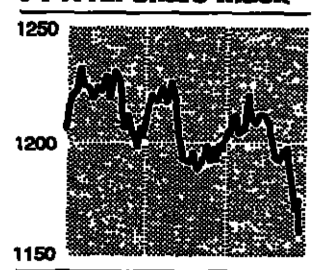
The expiry of the FT-SE June futures contract and the FT-SE Index Option kept derivatives markets very active yesterday morning. The sharp fall in the June future helped depress the underlying equity market, and the effect was pressed home by the inability of the September future to make significant progress as it took over from the June contract as the market's most visible indicator sentiment towards the stock market.

A leading US securities house and a rival house from the UK side of the Atlantic battled together as the June future approached expiry. The June contract, having opened quietly, fell heavily in the hour before expiry, touching 2,432 at its worst moment before final expiry.

Traders were convinced that the September contract, which then took over the running, would manage a useful advance in early deals. But they were proved wrong and the September contract at a discount of about ten points to its Fair Value estimate, which stands around 39 points above the underlying index at this stage; on Monday, the fair Value Estimate will fall to around 32 as several heavyweight stocks turn ex dividend.

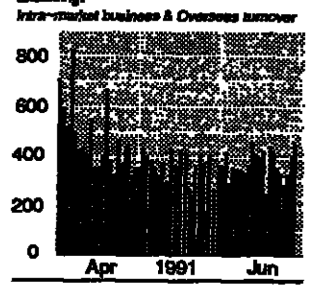
Traders described the day's activity as "dramatic"; yesterday also marked the end of the two week equity trading account, and of the second quarter and half year for fund managers. returns over the second quarter have been negligible and fund managers were busy yesterday.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



TRADING VOLUME IN MAJOR STOCKS

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (88).
BRITISH FUNDS (2) Treas. 10pc 2001 B, Treas. 2pc I-L '92, AMERICANS (7) Abbott Labs., Amdahl, Amer. T & T, NYNEX, Quaker Oats, Rockwell, Southwestern Bell, BANKS (1) Nat. Aust., CHEMICALS (1) Cambridge Isotope, ELECTRICALS (4) Admiral, Blick, Cranbrook Elect., Kembrey, FOODS (1) Ferepak, INDUSTRIALS (4) Batterware Cons. Prods., Coforgen, Jardine, Novo Nordisk B, LEISURE (1) Campari, NEWSPAPERS (1) Johnston Press, PAPERS (1) Abbott Mead Vickers, SOUTH AFRICANS (1) Abercom, TEXTILES (2) Drummond, Stoddard, TOBACCOS (1) Rothmans B, TRANSPORT (1) Mayne Nickless, TRUSTS (1) Rolinco, OILS (2) Exxon, Woodside, MINES (8) Cons Murch., Elandsrand, Gopeng Berhad, MIM, Nor-Quest Res., Southern Pac. Vaal Reefs, Western Deep.
NEW LOWS (22).
BANKS (1) Union Discount, BUILDINGS (3) Albrighton, Crest Nicholson, Graham Wood, CHEMICALS (2) Astra, Evode, STORES (3) Burton, Sears, Usher (Frank), ELECTRICALS (2) Falon, Trace Compu., ENGINEERING (2) Brooke Tool, Linread, FOODS (1) ASDA, HOTELS (1) Aberdeen Steak Hse., INDUSTRIALS (16) ADT, BLP, BTR Warrants, Beckenham, Claybithe, Ensor, Excalibur, Hanson 9½pc Bd., Hornby, Nestor-BNA, Photo-Me, Rock, Sale Tilney, Savage, Tams (John), Wilshire, INSURANCE (1) FAI, LEISURE (7) Anglia TV, Cityvision, Intl. Media Comms., Sunset & Vine, TV-am, Thames TV, Tyne Tees, MOTORS (1) Caffyns, PROPERTY (7) Greycoat, Gt. Portland Ests. 9½pc 2002, Land Securities, MEPC, Markheath, Scot. Metropolitan, Speyhawk, SHOES (1) Stylo, TRANSPORT (2) Eurotunnel Warrants, P & O Sub. Warrants 1990-92, TRUSTS (8) Aberdeen, Babcock Prebon, Drayton Cons., Murray Ent., Murray Ventures, Nat. Home Loans, Do. 7½pc Pf., TR Prop., OILS (1) Richmond Oil & Gas, MINES (4) Butte, Europa Minerals, Monarch Res., Pancontl.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	53	6	25	88	224	105
Corps, Dom. & Foreign Bonds	6	2	12	12	19	69
Industrials	142	472	903	781	2,211	4,609
Financial and Props	57	224	459	276	1,088	2,352
Oils	22	18	49	78	109	258
Plantations	0	1	9	3	2	45
Mines	58	17	86	169	198	438
Others	74	35	53	232	310	271
Totals	412	775	1,596	1,639	4,161	8,147

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	106.0582	-0.255	11.16	11.18	10.42
BELGIUM		10.000	08/00	103.9000	-0.050	9.34	9.30	9.11
CANADA *		9.750	06/01	97.8750	+0.200	10.09	9.98	9.69
DENMARK		9.000	11/00	98.1500	-0.150	9.28	9.24	9.07
FRANCE	STAN	9.000	02/96	99.0113	-	9.24	9.28	8.97
	OAT	9.500	01/01	102.4200	+0.020	9.09	9.16	8.92
GERMANY		8.375	05/01	99.1200	-0.080	8.51	8.31	8.28
ITALY		12.600	03/01	97.8500	-0.130	13.34	13.21	12.88
JAPAN	No 119	4.800	06/99	87.3736	-0.036	7.30	7.29	7.07
	No 129	6.400	03/00	97.5958	-0.025	6.84	6.80	6.65
NETHERLANDS		8.500	03/01	98.2600	-0.420	8.76	8.84	8.62
SPAIN		11.900	07/96	99.6250	+0.125	12.00	12.07	11.45
UK GILTS		10.000	11/96	97-31	+05/32	10.50	10.44	10.31
		10.000	02/01	98-30	+17/32	10.51	10.58	10.37
		9.000	10/08	90-16	+23/32	10.17	10.19	10.07
US TREASURY *		8.000	05/01	98-07	+10/32	8.27	8.29	8.05
		8.125	05/21	98-15	+13/32	8.45	8.49	8.27

London closing, *denotes New York morning session. Prices: US, UK in 32nds., others in decimal. Yields: Local market standard. Technical Data/ATLAS Price Sources

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1990 based on Thursday June 27 1991

Health & Household Products	+	36.05	Transport	+	13.41
Chemicals	+	32.41	Insurance (Life)	+	13.34
Textiles	+	29.58	Capital Goods	+	12.24
Packaging & Paper	+	27.81	Media	+	11.84
Gold Mines Index	+	27.75	Food Manufacturing	+	11.52
Business Services	+	24.80	Conglomerates	+	11.30
Telephone Networks	+	22.37	Stores	+	11.11
Electricals	+	21.86	Brewers & Distillers	+	10.53
Other Industrial Materials	+	20.57	Insurance Brokers	+	9.82
Other Groups	+	19.79	Insurance (Composite)	+	9.46
Engineering-General	+	18.86	Financial Group	+	8.87
Investment Trusts	+	17.47	Metals & Metal Forming	+	8.08
Consumer Group	+	17.02	Motors	+	7.23
Industrial Group	+	16.89	Engineering-Aerospace	+	5.96
Electricity	+	16.86	Building Materials	+	4.21
Merchant Banks	+	16.45	Hotels & Leisure	+	3.09
500 Share Index	+	14.73	Water	+	2.66
Banks	+	14.25	Contracting, Construction	+	2.49
All-Share Index	+	13.99	Oil & Gas	+	2.38
Food Retailing	+	13.80	Property	-	7.27
Electronics	+	13.66			

COMMODITIES

WEEK IN THE MARKETS

Chilean fears lift copper prices

A SUBSTANTIAL influx of copper into London Metal Exchange warehouses – up 7,300 tonnes to 263,350 tonnes – was revealed yesterday but the bearish implications of that news were outweighed by deepening concern about potential disruption of Chilean production.

Workers at Chuquicamata, the world's biggest copper mine, voted overwhelmingly on Wednesday to give their union leaders a strike mandate. Work at the mine is likely to be halted on Monday unless Codelco, the state mining corporation, substantially improves its response to the workers' pay and conditions demands over the weekend

There seems to be no consensus among metals market analysts, however, on the likely impact of Chilean disruption. In a special report on Thursday GNI Research calculated that a Chuquicamata stoppage plus a similar outcome to continuing labour negotiations at the El Teniente and Andina mines, would take out 17 per cent of world copper production. "Given current stocks-to-consumption figures of under six weeks, the copper market can hardly afford to be complacent," GNI said.

In Thursday's Ord Minnett daily report, however, analyst Nick Moore seemed less concerned about a possible copper shortage. He pointed that Codelco said it had covered its supply obligations in the market and that "net copper supply is growing space not least because demand is continuing to stagnate". Particularly worrying, he added, were reports that "order books for Japanese clients are looking leaner." In recent years it has been Japan that has "taken up the slack created by the downturn in the US economy," he explained.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+9,175	to 443,175
Copper	+7,300	to 263,350
Lead	+625	to 79,550
Nickel	-516	to 4,656
Zinc	+550	to 116,500
Tin	+480	to 15,225

At last night's close the LME cash copper price, which dipped to £1,348 on Monday, was quoted at £1,397 a tonne, up £25 on the day and £28.50 on the week.

The aluminium market was the liveliest at the LME this week.

A sharp fall on Monday morning, which took the cash delivery price down to $1,282 a tonne at one stage, was more than recovered over the next three days, and a further $16.50 rise yesterday left the price $19 up on the week at $1,325.50 a tonne.

The initial fall had been encouraged by widespread expectations that a big rise in LME warehouse stocks would be announced on Tuesday morning – some suggested it could be as much as 50,000 tonnes – reflecting an expected heavy influx of Soviet material. But before the day was out dealers were moderating their stock projections and the price was edging up.

Tuesday's announcement showed a stocks rise of a meagre 600 tonnes, much less than anyone had expected, and the rally continued. But it was kept to modest proportions by news of a 14.8 per cent fall in Ford's US car sales in the mid-June reporting period. The cautious rise continued, as an easing of fears about imminent Soviet deliveries prompted covering by operators who had sold short on the market, until it was halted by yesterday's announcement of an unexpectedly-large 9,175-tonne stocks rise, taking the total to a record 443,175 tonnes.

In contrast nickel prices were buoyed by news that LME stocks had fallen 516 tonnes to a three-month low of 4,656 tonnes. And with tight availability for August delivery providing further impetus the cash price rose $87.50 yesterday to $8,452.50 a tonne, up $52.50 on the week.

At the London bullion market yesterday silver lead a general rise in precious metals that wiped out losses sustained earlier in the week. Encouraged by a technically inspired rise overnight in the New York Commodity Exchange's silver contract the London silver price closed yesterday at 447.50 cents a troy ounce, up 10 cents on the day and 3 cents on the week.

Silver's rally helped the gold price to continue its recovery from a sharp fall registered on Monday, which had revealed downside support in the $358 to $360 range. And although resistance had been expected around $368 an ounce yesterday's rise reached $3.90, taking the price to $369.40 an ounce, up 2.60 on the week.

At the London Futures and Options Exchange cocoa prices were hit early on by a fresh wave of long liquidation, which breached downside support levels. And with reports of good crop progress in West Africa encouraging the bearish sentiment the fall continued. By last night's close September delivery cocoa futures were quoted at £597 a tonne, down £46 on the week.

Richard Mooney

APPOINTMENTS

Royal Mail marketing director

■ The ROYAL MAIL has appointed Mr Paul Hopper to the new post of marketing and sales director from July 1. He was general manager, Germany, for British Airways. Mr David Brech, marketing director, has been released on secondment as communications director for the National Council for Vocational Qualifications.

■ SLOUGH ESTATES has appointed Mr David Simmons and Mr Hugh Thomson as executive directors. Mr Wallace Mackenzie, a non-executive director, retires on July 2.

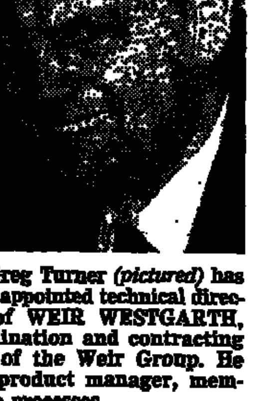
■ UNION BANK OF SWITZERLAND has appointed Mr Rudolf G. Mueller as executive vice president Europe from July 1 in addition to his current responsibilities as head of all UBS activities in the UK.

■ ACAL has appointed Mr Derek Kingsbury as a non-executive director from next month. He is chairman and chief executive of Fairey Group.

■ Mr Joe Hamilton has been appointed sales director of FMT GROUP, Brighton.

■ Mr John Fenton has been appointed retail operations director and Mr John Heaps becomes information systems director at BRITANNIA BUILDING SOCIETY. Mr Fenton was general manager development, and Mr Heaps was general manager administration. Mr David Towner resigns as a director of the society at the end of the month. An Edinburgh-based solicitor, Mr Towner will continue on the board of Britannia Life, Glasgow.

■ Mr Steven Garner has been appointed commercial director of DRINKMASTER, Liskeard, a BET subsidiary. He was sales and marketing director of Sketchley Vending.



Mr Greg Turner (pictured) has been appointed technical director of WEIR WESTGARTH, desalination and contracting arm of the Weir Group. He was product manager, membrane processes.

■ JASMIN SIMTEC, Nottingham, has appointed Mr John Penny as sales director.

■ Mr Ian F. Hay Davison and Mr David W. Hardy have been appointed non-executive directors of CIBA-GEIGY from July 1. Mr Davison is chairman of Credit Lyonnais Capital Markets and its subsidiaries. He is also a director of Cadbury Schweppes, Independent Newspapers, and the Chloride Group, and non-executive chairman of Storehouse. Mr Hardy is chairman of the London Docklands Corporation, as well as being chairman of MGM Assurance, of Buckingham International, and of Europa Minerals, and deputy chairman of Agricultural Mortgage Corporation.

■ COLONIAL MUTUAL has promoted Mr Phillip Irvine to investment manager. He was assistant investment manager.

■ THE SANWA BANK has appointed Mr Kaneo Muromachi (pictured) to succeed Mr Katsumi Kawashima as director and general manager of the London branch. Mr Muromachi was director and general manager of the international department and the international banking department in Tokyo. Mr Kawashima becomes director and deputy head of the international division in Osaka.

■ Mr Dennis Clark has been appointed deputy managing director and Mr John Hunt becomes a director of SULZER INFRA (UK).

■ ULTRAMAR, London, has appointed Mr Nick Di Tomaso as a director from July 1. He is group senior vice president, refining and marketing, American Ultramar.

■ Mr John Fingleton has been appointed a director of COLLEGE HILL ASSOCIATES. He was a director of Shandwick Consultants.

■ Mr Tony Robinson has been appointed commercial director of HYDRO FERTILISERS, Immingham, from September 15, succeeding Mr George Hinshilwood who has become managing director. Mr Robinson was commercial operations manager.

■ Mr Darryl Whitehead has been appointed chairman of THE LONDON SOCIETY OF CHARTERED ACCOUNTANTS. He is executive partner, client services, Grant Thornton.

■ KALAMAZOO COMPUTER GROUP, Birmingham, has appointed Mr Richard Henry to the new post of marketing director. He was an independent IT consultant.

■ Mr Alexander Barnett has been appointed managing director of P.T. SERVICES. He retired on June 28 from Anglia Television which he joined in January 1959.

■ CAPITAL HOUSE LOANS, a UK mortgage company owned by Société Générale and Credit Foncier de France, has appointed Mr Pierre Dardalhon (pictured) as managing director from July 1. He was with SocGen's capital markets division in Paris. He replaces Mr Hoan Nguyen-Quang who is moving to Bank Société Générale in Sweden.

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Manulife Management Ltd (1200)H
St George's Way, Stevenage Dealings:071-256 5858

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Units	5¼	128.0	129.4	137.7	+0.1	4.02
Gilt & Fxd Int	5	140.3	140.5	147.6	+0.3	8.75
Intl Growth	5¼	150.0	151.4xd	161.1	+1.2	0.42
North American ♥	5¼	97.42	98.51	104.8	+2.6	0.37
Far East	5¼	121.5	122.5xd	130.3	+0.8	0.36
UK Smaller Cos	5¼	102.9	102.9xd	109.5	-1.0	3.30
European	5¼	53.80	53.80xd	57.59	-0.02	1.11
Japanese Growth	5¼	37.94	37.94	40.63	+0.29	0.00
Managed P'folio	5¼	48.98	49.37xd	52.52	+0.05	1.78
High Income	5¼	142.8	144.5	154.0	-1.4	6.29
High Yielding Gilt	5¼	60.67	60.67xd	63.95	+0.05	9.63
Cash		51.06	51.06	51.06	+0.01	10.25

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Ind Tracker Acc	5	126.4	126.4	135.1	+0.1	3.95
US Eq Ind Tracker Inc	5	146.5	146.5	157.1	+1.8	2.04
US Eq Ind Tracker Acc	5	151.2	151.2	162.2	+1.9	2.04
Japan Tracker	5	63.21	63.21xd	67.03	+0.06	0.00
Asian Tracker	5¼	87.68	87.68	93.69	+0.56	1.43
Managed Inc	5¼	97.02	97.02xd	104.3	+0.1	2.04
Managed Acc	5¼	98.95	98.95xd	106.3	+0.1	2.04
Cash Inc	0	100.48	100.48xd	100.48	+0.02	11.75
Cash Acc	0	108.87	108.87xd	108.87	+0.02	11.75
Europe	5¼	105.0	105.0	112.4	-0.3	0.00

Geoffrey Morley Unit Mgrs Ltd (1200)F
3 Bedford Park, Croydon CR0 2AQ 081-686 9818

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Exempt Unit Tst	4	114.15	114.15	121.75	-0.04	2.60
Exempt Smllr Cos	3¼	222.44	222.44	241.10	+0.34	1.40

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation.
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd.	104.5	110.0	-0.3	-
Pension Managed Fd.	100.9	106.2	-0.6	-
Life Deposit Fd.	107.7	113.3	----	-
Pension Deposit Fd.	113.0	118.9	----	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	111.4	117.3	----	-
Managed Growth	140.7	148.2	-0.1	-
Managed Opportunity	143.5	151.1	-0.1	-
NFMC Target Financial	99.7	105.0	-0.4	-
Pension Funds				
Managed Cautionary	121.7	128.2	----	-
Managed Growth	149.0	156.9	----	-
Managed Opportunity	143.8	151.4	-0.1	-
NFMC Target Mngd Pens.	1496.8	1575.6	-2.8	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	160.6	169.1	----	-
UK Equity	165.5	174.1	----	-
Overseas Equity	140.6	148.0	----	-
Fixed Interest	141.8	149.3	----	-
Property	127.9	134.7	----	-
Index Linked	146.5	154.3	----	-
Deposit	157.5	165.8	----	-
With Profits (B)	129.2	136.0	----	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	345.3	363.5	-1.2	-
UK Equity	426.9	449.4	-3.2	-
Overseas Eq.	348.0	366.4	+0.3	-
Americas	286.9	302.1	+2.6	-
Far East	378.8	398.8	+1.0	-
Property	190.4	200.5	-0.4	-
Fixed Int.	256.5	270.0	-0.7	-
Indexed Gilt	153.7	161.8	-0.2	-
Deposit	182.4	192.1	+0.1	-
Pension Fund (Accum Units)				
Managed	491.9	517.8	-0.6	-
UK Equity	569.3	599.3	-3.8	-
Overseas Eq.	583.3	614.0	+3.5	-
Americas	375.8	395.6	+5.2	-
Far East	630.6	663.8	+3.2	-
Property	241.0	253.7	-0.3	-
Fixed Int.	315.5	332.2	+0.8	-
Indexed Gilt	168.9	177.8	-0.2	-
Deposit	256.0	269.5	+0.1	-
NPI Pensions Management Ltd				
Managed Fund	1095.6	1115.2	----	-

Prices June 3 Next dealing July 1

Norwich Union Asset Management Ltd
PO Box 140, Norwich NR3 1PP 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	70.6	74.3	-0.3	-
Stock Market Mngd Fund	69.8	73.5	-0.2	-
Equity Fund	76.3	80.4	-0.5	-
International Fund	64.2	67.5	+0.1	-
European Fund	64.4	67.8	-0.8	-
North American Fund	74.9	78.8	+0.8	-
Pacific Fund	70.8	74.5	+0.1	-
Property Fund	80.3	84.5	-1.4	-
Fixed Interest Fund	57.7	60.7	+0.2	-
Index Linked Sec Fund	61.3	64.5	-0.1	-
Deposit Fund	70.0	73.7	----	-
NUAM Retirement Plans				
Mixed Fund	77.2	81.2	-0.4	-

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	147.5	155.5	-1.0	-
Accum Equity	212.0	223.0	-0.5	-
Accum Managed	221.5	234.0	-0.5	-
Accum Five Star	170.0	179.5	----	-
Accum World	123.0	130.0	-0.5	-
Accum Lifetime	108.8	108.8	+0.9	-
Pens Acc Equity	226.5	239.0	-1.0	-
Pens Acc Managed	276.0	291.0	-1.0	-
Pens Acc Intl	213.0	225.0	+0.5	-
Pens Acc Deposit	199.5	211.0	(u)	-
Pens Acc Five Star	186.5	197.0	+0.5	-

Providence Capitol Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc.	218.3	230.3	-2.0	-
UK Fixed Int Acc.	171.8	181.3	+0.1	-
Intl Equities Acc.	178.9	188.8	+0.5	-
UK Managed Acc.	170.7	180.0	-0.8	-
Property Acc.	224.2	236.5	----	-
Money Acc.	129.5	136.7	----	-
Special Market Acc.	142.2	150.1	+1.2	-
Japan Equity Acc.	106.4	112.3	+0.3	-
North American Acc.	110.6	116.7	+2.3	-
Pacific Acc.	98.1	103.5	+0.8	-
Technology Acc	124.9	131.8	+0.9	-
Nat Resources Acc.	62.4	65.9	+0.2	-
European Acc.	102.0	107.6	-0.3	-
Residential Prop Acc.	96.2	101.5	----	-
Swiss Equities Acc.	34.8	36.8	-0.3	-
Hong Kong Acc.	67.4	71.2	+1.2	-
UK High Inc Eq Acc.	71.0	74.9	-0.6	-
Int. Fixed Interest Acc.	57.0	60.2	----	-
Int. Managed Acc.	57.0	60.1	+0.1	-
HIP Managed Acc.	116.3	122.6	-0.2	-
HIP Managed II Acc.	99.3	104.7	+0.1	-
HIP Managed III Acc.	105.9	111.7	+0.1	-
Total Investment Bond				
UK Equity Initial		148.6	-1.3	-
UK Fixed Int Initial		117.1	----	-
Intl Equities Initial		121.1	+0.4	-
UK Managed Initial		116.4	-0.5	-
Property Initial		153.9	-0.1	-
Money Initial		88.8	----	-
Special Market Initial		110.6	+0.9	-
Japan Equity Initial		82.8	+0.3	-
North American Initial		85.9	+1.6	-
Pacific Initial		76.3	+0.7	-
Technology Initial		97.1	+0.6	-
Nat Resources Initial		48.5	+0.1	-
European Initial		91.5	-0.3	-
Residential Prop Init.		92.0	----	-
Swiss Equities Initial		33.3	-0.3	-
Hong Kong Initial		64.5	+1.0	-
UK High Inc Eq Init.		67.8	-0.6	-
Int. Fixed Interest Init.		55.2	----	-
Int. Managed Init.		55.4	+0.1	-
HIP Managed Init.		113.2	-0.2	-
HIP Managed II Initial		97.9	+0.1	-
HIP Managed III Init.		105.5	----	-
Broker Funds				
High Performance	72.3	76.2	-0.1	-
Towerhill Mngd Fd Acc.	45.8	48.3	+1.1	-
YRA Executive Fd.	94.8	100.0	+0.3	-
£ Global Growth Acc.	131.3	138.5	+0.4	-
£ High Income Money Acc.	140.3	147.9	----	-
IM Balanced		56.1	-0.1	-
H.F. Speculator Fd.		130.9	-0.6	-
PEP Acorn II		111.7	+0.1	-
PEP Cautionary		100.0	----	-
AAFS Int. Man Fund		122.3	+0.4	-
Andrews-Green Inv Port.		83.7	-0.2	-
Individual Pension Funds				
UK Equity Acc.	239.1	252.3	-2.2	-
UK Fixed Interest Acc.	218.1	230.1	+0.1	-
Intl Equities Acc.	230.1	242.8	+0.8	-
UK Managed Acc.	185.9	196.0	-0.9	-
Property Acc.	199.8	210.8	-0.1	-
Money Acc.	162.5	171.5	+0.1	-
Special Market Acc.	225.4	237.8	+1.8	-
Japan Equity Acc.	168.9	178.2	+0.6	-

Royal Heritage Life Assurance Ltd—Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
MIM Britannia				
European Smaller	126.4	133.1	-0.7	-
US Smlr Co's	120.5	126.9	+1.6	-
Extra Inc.	138.7	146.0	+0.3	-
Sth & East Asia Gwth	188.2	198.2	+0.6	-
Gold	34.5	36.4	+0.4	-
Inc Growth	251.4	264.7	+0.7	-
Japan Perf.	239.3	251.9	+0.4	-
Japan Smlr Cos.	217.5	229.0	-0.2	-
Nat High	220.9	232.6	-0.3	-
Prop Shares	130.8	137.7	----	-
Smaller Cos.	179.8	189.3	+0.5	-
Man Growth	195.3	205.6	+0.3	-
Gilt	71.1	74.9	----	-
Gartmore Funds				
American	169.2	178.2	+2.7	-
British	253.6	267.0	-0.6	-
European	169.7	178.7	-1.6	-
Extra Inc.	189.9	199.9	-1.1	-
Frontier Markets	125.5	132.2	----	-
Intl Fixed Interest	89.1	93.8	+0.4	-
Gold Intl Resources	56.0	59.0	+0.3	-
High Inc.	248.2	261.3	-2.1	-
Hong Kong	166.6	175.4	+2.5	-
Income	307.8	324.0	-2.0	-
Japan	333.0	350.6	+2.6	-
UK Smlr Cos	263.9	277.2	+2.3	-
Man Gth	329.3	346.7	+0.5	-
Global Inc & Gwth	120.6	127.0	+0.5	-
Worldwide Recovery	98.6	103.8	+0.1	-
European Select Opps	132.8	139.8	-1.8	-
Pacific Growth	166.1	174.9	+1.0	-
Perpetual Funds				
International Growth	115.8	121.9	----	-
Income	106.3	111.9	-1.0	-
American Growth	129.1	135.9	+1.4	-
Intl Emerging Cos.	127.0	133.7	+0.5	-
Far East Growth	155.5	163.7	+1.4	-
European	131.1	138.0	-1.1	-
Managed	130.3	137.2	+0.4	-
TSB Funds				
Income	112.8	118.8	-0.8	-
Managed	135.2	142.4	+0.5	-

Royal Life Insurance Ltd
New Hall Place, Liverpool L69 3HS 051-230 3000

	Bid Price	Offer Price	+ or -	Yield Gross
Royal Shield Fd.	683.9	723.7	----	-
Royal Life (Unit Linked Assurances) Ltd				
Managed Fund	276.4	290.9	+0.6	-
Equity Fund	383.3	403.4	+0.3	-
Property Fund	221.9	233.5	----	-
International Fund	336.0	353.6	+1.6	-
Gilt Fund	251.0	264.2	+0.5	-
Money Fund	187.8	197.6	----	-
United States Fund	155.8	163.9	+2.0	-
Pacific Basin	200.7	211.2	+0.9	-
Royal Life (Unit Lnkd. Pension Fds) Ltd				
Exempt Man Fd Acc.	318.9	335.6	+0.7	-
Exempt Equity Fd Acc.	579.2	609.6	+0.6	-
Exempt Prop Fd Acc	233.7	246.0	----	-
Exempt Intl Fd Acc.	501.5	527.8	+2.2	-
Exempt Gilt Fd Acc.	283.3	298.2	+0.5	-
Exempt Money Fd Acc.	243.6	256.4	-	-

Royal Liver Assurance
Royal Liver Building, Liverpool, L3 1HT 051 236 1451

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity	62.6	65.9	----	-
Global Equity	42.8	45.1	----	-
High Yield	52.8	55.6	----	-
Intl Equity	57.6	60.6	----	-
Fixed Interest	54.9	57.8	----	-
Money	65.5	68.9	----	-
Managed	60.2	63.4	----	-
Pensions				
UK Equity	65.1	68.5	----	-
Global Equity	39.4	41.5	----	-
High Yield	52.5	55.3	----	-
Intl Equity	58.8	61.9	----	-
Fixed Interest	62.5	65.8	----	-
Money	76.6	80.6	----	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

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IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3:00 pm)

CANADA (3:00 pm)

INDICES

NEW YORK

DOW JONES	June 27	June 26	June 25	June 24	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
ϕIndustrials	2934.93	2913.01	2910.11	2913.01	3035.33 (3/6)	2470.30 (9/1)	3035.33 (3/6/91)	41.22 (2/7/32)
Home Bonds	94.24	94.06	94.07	94.23	95.09 (30/5)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1150.56	1146.69	1143.86	1161.50	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	199.20	197.81	197.25	197.12	220.89 (16/4)	197.12 (24/6)	236.23 (2/1/90)	10.50 (8/4/32)

ϕDay's High 2946.56 (2934.03) Low 2909.21 (2879.25)

STANDARD AND POOR'S

Composite ‡	374.40	371.59	370.66	370.94	390.45 (17/4)	311.49 (9/1)	390.45 (17/4/91)	4.40 (1/6/32)
Industrials	446.38	443.17	442.22	442.32	463.23 (18/4)	364.90 (9/1)	463.23 (18/4/91)	3.62 (21/6/32)
Financial	29.20	29.09	28.99	29.44	31.58 (18/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	204.94	203.54	203.21	203.49	213.21 (17/4)	170.97 (9/1)	213.21 (17/4/91)	4.46 (25/4/42)
Amex Mkt. Value	359.43	358.54	358.59	360.01	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	476.24	473.08	473.30	475.23	511.31 (17/4)	355.75 (14/1)	511.31 (17/4/91)	54.87 (31/10/72)

	June 21	June14	June 7	year ago (approx.)
Dow Industrial Div. Yield	3.07	3.03	3.05	3.67

	Jun 26	Jun 19	Jun 12	year ago (approx.)
S & P Industrial div. yield	2.83	2.80	2.79	2.96
S & P Ind. P/E ratio	18.68	18.85	18.91	16.95

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Alld. Signal	5,347,200	33¼	+ 3⅞
C&S/Sovran	2,565,400	23⅞	+ 1
Compaq	2,265,000	30⅛	- 1⅞
Philip Morris	2,207,700	64⅛	+ ⅛
Beazer	2,035,100	5⅛	- ⅛
Pepsico	1,970,900	29⅛	+ ⅛
Citicorp	1,922,900	14⅛	- ⅜
AT & T	1,744,300	38⅛	+ ⅛
IBM	1,723,100	97⅜	- 1
Am. Express	1,430,800	23	- ⅛

TRADING ACTIVITY

† Volume Millions	June 27	June 26	June 25
New York SE	155.820	186.830	155.450
Amex	9.291	11.347	12.319
NASDAQ	138.909	136.477	129.032
NYSE			
Issues Traded	2,043	2,039	2,036
Rises	938	688	614
Falls	577	856	889
Unchanged	528	495	533
New Highs	20	19	8
New Lows	16	39	28

CANADA

TORONTO	Jun 27	Jun 26	Jun 25	Jun 24	1991 HIGH	1991 LOW
Metals & Minerals	3181.67	3181.36	3161.77	3162.36	3284.18 (5/3)	2632.06 (9/1)
Composite	3474.61	3481.13	3478.69	3478.77	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1844.53	1845.31	1838.72	(c)	1905.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	June 28	June 27	June 26	June 25	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1506.2	1500.9	1506.9	1499.8	1558.3 (29/4)	1204.5 (16/1)
All Mining (1/1/80)	656.6	652.8	654.4	652.1	680.1 (29/4)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	480.77	494.32	504.29	504.89	534.81 (16/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1162.54	1159.86	1160.32	1155.93	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	367.38	367.76	367.04	367.80 (20/6)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	974.9	971.9	986.5	985.9	1186.9 (8/4)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	470.77	470.32	473.42	471.44	494.95 (12/6)	394.88 (15/1)
CAC 40 (31/12/87)	1747.62	1767.99	1760.52	1775.53	1874.81 (11/6)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	682.47	701.04	706.51	712.29	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1923.2	1978.1	1991.6	2006.8	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1622.18	1666.09	1672.14	1691.47	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3668.64	3629.79	3634.64	3604.26	3917.09 (20/5)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1365.80	1362.54	1355.74	1354.63	1520.65 (15/5)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	586.21	586.87	589.63	582.97	619.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	23290.96	23543.03	23766.38	23907.42	27146.91 (18/3)	22442.70 (16/1)
Tokyo SE (Topix) (4/1/68)	1819.61	1832.10	1847.84	1852.67	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	3237.17	3252.93	3267.43	3254.17	3423.45 (10/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	618.69	622.69	624.08	623.87	635.82 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	277.2	277.6	276.1	278.4	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	197.5	197.8	196.7	198.4	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	756.75	759.94	763.43	767.62	792.13 (4/6)	610.65 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	1059.26	1042.32	1048.88	1024.68	1183.40 (29/5)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	402.15	403.14	404.51	405.27	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1374.04	1351.0	1372.0	1329.0	1416.0 (10/6)	971.6 (25/2)
JSE Industrial (28/9/78)	3817.04	3797.0	3804.0	3822.0	3911.0 (28/6)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	602.60	602.61	597.60	595.21	697.62 (4/1)	598.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	276.99	278.35	278.88	278.08	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	1138.9	1130.2	1125.2	1123.6	1137.8 (19/6)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	740.9	744.2	749.0	753.1	766.1 (31/5)	590.4 (14/1)
SBC General (1/4/87)	615.0	617.6	620.7	625.2	630.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	5900.70	5931.26	6023.18	5872.74	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	765.21	766.00	769.49	749.82	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) (§)	484.9°	489.6	489.3	489.8	529.2 (17/4)	439.1 (16/1)

**Saturday June 22: Taiwan Weighted Price: 6132.73 Korea Comp Ex. 590.57.
§ Subject to official recalculation. °Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed, (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Banking sector renews pressure on Dow

Wall Street

THE RECENT rally ended as abruptly as it had started, with US equities following overseas markets lower yesterday morning, *writes Karen Zagor in New York.*

At 2 pm, the Dow Jones Industrial Average was 37.34 lower at 2,897.59, while the Standard & Poor's 500 dropped 5.31 to 369.09 by 1 pm.

The equity market's movements have been magnified this week by the light volume. Only 91m shares had changed hands on the New York Stock Exchange by 1 pm yesterday, and fewer than 156m shares were traded on Thursday, when the Dow revived briefly by adding 21.92 to 2,934.93.

Stocks moved in the opposite direction from bonds yesterday. The Treasury's benchmark 30-year long bond was ⅜ higher at 96⅞, yielding 8.41 per cent, after the release of the Chicago purchasing managers' index of business activity, which indicated that the region's economy was essentially unchanged in June. Many analysts had expected stronger signs of recovery.

The stock market has been battered all week by bad news from the banking sector. Wells Fargo, which said it would have to take a hefty rise in its loan loss provision, was down $¾ to $69⅞ yesterday.

Rumours that funding problems at Chase Manhattan would force it to borrow from the Federal Reserve's discount window depressed the stock. It dropped $⅞ to $16⅞ in heavy trading. Citicorp, which lost $⅝ on Thursday amid concern that it would make a second-quarter loss, eased $⅜ to $14¼.

C&S/Sovran, however, held steady at $23⅝. The Georgia-based bank is considering a merger offer from NCNB, the big North Carolina banking group, which lost $1⅛ to $35⅝.

Elsewhere, Time Warner, which has confused investors with a controversial rights offering, dropped $1 to $89.

IBM, which dominated trading last week after issuing grim second quarter earnings projections, slid towards its 52-week low of $96¼, dropping $⅝ to $97.

America West Air tumbled $1¼ to $2 on heavy volume after the company filed for chapter 11 protection from its creditors late on Thursday.

The equities gloom pervaded the secondary market, where the Nasdaq composite was down 5.01 at 471.28 by midsession.

Pyramid Technology plummeted $9¼ to $12 in active trading after the company predicted break-even results for the third quarter.

Canada

TORONTO stocks slid to session lows at midday yesterday. The composite index fell 10.8 to 3,463.9. Declines led advances by 196 to 189 on volume of 13.14m shares. The market is closed on Monday.

Petro-Canada was flat at C$12⅞ on the most active turnover of 1.5m shares. Nova Corp eased C$⅛ to C$7⅞ with 1.1m shares changing hands, but Royal Trust rose C$¼ to C$9¾.

CAE Industries fell C$⅛ to C$6⅞, after it said that it had won an order to design and manufacture a training device for Delta Air Lines. The value of the contract was not disclosed.

SOUTH AFRICA

JOHANNESBURG held on its modest, early gains in slow month-end trading. The all-gold index rose 23 to 1,374 on firmer bullion prices, while the industrial index added 20 to 3,817. The all-share index put on 13 to 3,306.

Currency effect provides swing factor in first half

THE MID-YEAR point and the end of a tough second quarter: Newmarket, Epsom and Ascot have all taken their toll. Now a rain-washed Wimbledon is providing another necessary distraction in the busy, international fund manager's life.

Mid-year is also the time for appraisal and tactical thinking. Some managers will be considering safety-first tactics in a bid to lock in any success achieved so far. Some will be considering riskier strategies in a quest to make up lost ground. Others will simply start to roam aimlessly in search of "more suitable" performance benchmarks.

Any relative success by UK-based managers in the first half is unlikely to have been achieved through overweight positions in their domestic market. The UK return of 16.2 per cent during the first half is well short of the 28.2 per cent average sterling return provided by other markets.

US-based investors will have found themselves in the opposite position. Their domestic market has provided them with a return of 14.6 per cent, a creditable performance compared with the dollar return of just 4.1 per cent from the World excluding the US.

The big swing factor has been the currency effect – and not just the dollar's rise against sterling. The dollar has made double-figure gains virtually across the board in Europe. The yen and other Far Eastern currencies have done likewise. The result is that all European investors will have benefited considerably from investment outside, while Europe will not have been a happy hunting ground for outsiders. The sterling return from the World excluding Europe, for example, has been 30.2 per cent; the dollar return from Europe has been a negative 0.3 per cent.

This will not have been good news for most UK-based pension funds. Their exposure to continental European markets has increased substantially over the last five years, largely at the expense of the US and Japan. Figures from the WM Company, the UK performance measurement company, show that the average fund had 38 per cent of its overseas money allocated to continental Europe at the start of the year. This is more than double the benchmark weighting of 17 per cent and well above the allocation to either the US (29 per cent) or Japan (18 per cent).

Total returns (first half 1991*)

Market	$ (%)	£ (%)	Local (%)
Mexico	68.4	98.3	72.0
S Africa	27.9	50.8	24.1
Hong Kong	27.9	50.5	26.9
Singapore	24.5	46.5	26.5
Australia	22.3	44.0	23.0
Sweden	19.2	40.4	36.8
US	14.6	34.8	14.6
N Zealand	14.4	34.7	16.8
Malaysia	13.2	33.3	16.5
Canada	9.1	28.4	7.3
Spain	8.6	27.8	27.6
Denmark	5.0	23.6	25.0
Japan	4.7	23.2	6.7
Switzerl'd	1.6	19.6	23.0
Netherl'ds	1.5	19.5	21.0
Finland	−1.0	16.5	15.5
Germany	−1.1	16.5	18.1
Belgium	−1.2	16.3	17.4
UK	−1.3	16.2	16.2
Ireland	−1.3	16.2	17.1
Italy	−1.8	15.6	15.8
France	−2.0	15.4	16.7
Norway	−4.9	12.0	12.7
Austria	−5.2	11.7	13.0

*Returns calculated to June 26, 1991

Taking into account these divergences from benchmark weightings, the overseas portion of a typical UK-based pension fund can be expected to have underperformed the World excluding the UK by about one percentage point during the first half. This takes no account of special stock skills or market timing and also assumes a good return (in excess of 40 per cent) on the residual overseas holdings.

It is the tendency for many pension funds to be overweight in the smaller markets, particularly in the Far East, that will have helped to limit the European effect and the consequent first-half shortfall. Australia, Hong Kong, Malaysia, New Zealand and Singapore all provided handsome sterling returns. The more adventurous may have gained considerable benefit from an overweight position in Mexico.

Some pension fund managers may wish to reconsider their aggressive European stance in the light of their first-half experience. But many still feel comfortable. This strategy has, after all, held them in good stead, helping them to outperform the FT-A World excluding the UK index in both 1989 and 1990.

They should, however, take careful note of the important structural changes made recently to the performance benchmarks themselves. These changes to the FT-A World Indices, introduced at the start of June, were to ensure that the current opportunities in global markets were represented as accurately as possible. The result is slightly less prominence for markets such as the UK, the US and Germany, and slightly more prominence for markets such as Japan, Spain and Malaysia.

The overall change in structure is not dramatic. However, there are important implications at the regional level. Malaysia, for example, represented just 4.5 per cent of the Far East excluding Japan benchmark at the start of the year. It now has a weighting of more than 14 per cent.

Some managers tend to ignore index benchmarks altogether. It is business risk, they argue, that matters. The real risk lies in deviating too far from what everyone else is doing. Currently, the big bets remain on Europe, although there is evidence that significant new cash flow is being directed towards the Far East.

Will things come right for them in the second half? Growth prospects in continental Europe still look respectable, particularly in relation to those in the UK and US. But the real problem area is Germany, the largest of the continental markets. Concerns are growing over inflationary pressures and the possibility of higher interest rates, at a time when share valuations already look overstretched.

This background, together with the likelihood of further weakness in European currencies against the dollar, hardly inspires confidence that the second half will be easy going for UK pension funds. Particularly when there are so many distractions looming: Goodwood, Henley, the Open . . .

Adrian FitzGerald

The author is director of quantitative research at County NatWest WoodMac, which helps to compile the FT-A World Indices.

EUROPE

German tax fears sour end of second quarter

THE INEVITABILITY of closer tax controls on investment earnings sent Frankfurt sharply lower yesterday. Most other bourses also fell on the last trading day of the quarter, *writes Our Markets Staff.*

FRANKFURT plunged 2.6 per cent to a five-week low, following Thursday's court ruling that the state must tighten controls on income tax payment on investment earnings by January 1993. The DAX index fell 43.91 to 1,622.18, down 5.3 per cent on the week. The FAZ index, calculated at midsession, dropped 18.57 to 682.47, down 4.7 per cent on the week. Volume rose to DM8.4bn from DM6.1bn.

The revival of the withholding tax debate came at time when the market was already looking overstretched. Furthermore, selling by foreigners and by domestic private individuals failed to find support from institutions, many of which had closed their books for month-end purposes.

Analysts said the court decision increased the chances of higher German interest rates. They said that a 10 per cent withholding tax, abandoned after only six months in 1989 to stop a flight of capital, appeared to be the government's most attractive option, rather than other methods such as requiring banks to send details of fixed-interest income to the tax authorities.

"This is not a pleasant situation for [finance minister] Mr Waigel as he has to make German bonds as attractive as possible to investors in order to finance the reconstruction of east Germany," one analyst said.

Losses were across the board. Siemens fell DM15.20 to DM635.50, Daimler DM15 to DM750 and Deutsche Bank DM17.10 to DM629.90.

Even chemicals, which had resisted the market's weakness this week on hopes that a further rise in the dollar and a recovery in the US economy would trigger a turnround in fortunes, lost ground. Hoechst dropped DM6.90 to DM238.30 and BASF, trading ex dividend, fell DM20.80 to DM233.40.

PARIS fell 1.2 per cent on the last trading day of the month. The CAC 40 index dropped 20.37 to a 15-week low of 1,747.62, ending above a day's low of 1,734.45 but down 3.4 per cent on the week. Turnover remained heavy at about FFr3bn, compared with FFr3.4bn on Thursday.

One of the stocks boosting volume was Axa Midi, which fell FFr92 or 8.6 per cent to FFr973 on 407,265 shares. One block of 370,000 shares was traded at FFr1,010 each. This week BZW issued a sell recommendation on Axa, citing its incomplete restructuring, and the belief that any benefits from its deal with Equitable Life of the US, in which it has bought 40 per cent, would be a long time in coming.

Also active was Générale des Eaux, which fell FFr108 or 4.3 per cent to FFr2,430 on 102,160 shares. One trader said that rumours about the company had been circulating following an incorrect report on the automated trading system that 2m shares had been exchanged in London on Thursday. The diversified water group said at its annual general meeting yesterday that it expected earnings per share of slightly more than FFr120.

MADRID tumbled 1.4 per cent, with the general index down 3.99 at 274.80, for a 1.3 per cent fall on the week. Turnover was about Pta12bn, after Thursday's Pta11bn.

In the utility sector, Sevillana was suspended at Thursday's closing price of Pta666. Endesa said that it would pay Pta710 a share to raise its stake in Sevillana from 9.8 per cent to 33.5 per cent.

Fecsa, in which Endesa is also expected to increase its stake from 13.5 per cent to about 33 per cent, fell Pta17 to Pta739 on 422,388 shares.

AMSTERDAM saw Volmac, the software group, fall by nearly one fifth following the company's profit warning on Thursday. The stock went as low as Fl 19.60 before closing down Fl 4 at Fl 20.50 on late, speculative buying.

Analysts were caught out by Volmac's forecast of a 30-45 per cent profits fall, especially one London-based broker which issued a buy recommendation earlier this week after close co-operation from the management. The CBS Tendency index fell 1.1 to 92.8, down 2.8 per cent on the week.

BRUSSELS focused on Colruyt, the retailer, which jumped BFr205 or 6 per cent to BFr3,385 after announcing a 73 per cent increase in profits. Wagons-Lits gained BFr560 or 8.1 per cent to BFr7,500 after a small shareholders' group said the travel group's main shareholders should make a bid.

The Bel20 index rose 2.68 to 1,162.54, steady on the week.

MILAN lost early gains on reports that a small broker was having difficulty in meeting its settlement obligations for the June account. The Comit index fell 0.66 to 586.21, down 1.2 per cent on the week, in volume estimated at slightly more than Thursday's paltry L82bn.

Fiat was officially fixed up L80 at L6,340, but slipped back to L6,285 after hours. A senior Fiat executive was quoted as saying that the car company was forecasting 1991 group net attributable profits slightly below last year's level.

FT-SE Eurotrack 100 - Jun 28

Hourly changes							
Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1112.93	1111.50	1107.97	1108.14	1107.24	1106.14	1106.99	1106.47

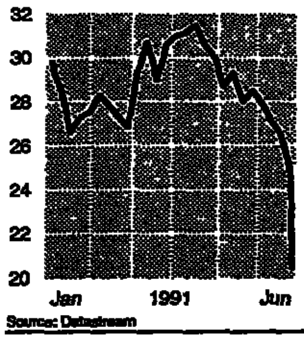
Day's High 1112.93 — Day's Low 1105.90

Jun 27	Jun 26	Jun 25	June 24	June 21
1116.92	1114.79	1128.57	1126.07	1141.29

Base value 1000 (26/10/90)

Volmac

Share price (Guilders)



Source: Datastream

ASIA PACIFIC

Nikkei falls on finance minister's remarks

Tokyo

SHARE PRICES, which rose yesterday morning on the stronger yen and higher bond prices, plummeted mid-afternoon on remarks by Mr Ryutaro Hashimoto, the finance minister, suggesting that public pension funds might be prohibited from securities trading, *writes Emiko Terazono in Tokyo.*

The Nikkei average fell 252.07 to 23,290.96, losing 4.1 per cent on the week. The index hit the day's high of 23,716.25 in the morning and fell to the day's low of 23,214.57 just before the close.

Volume remained thin at 250m shares, up from 230m. The average daily volume for June was 290m shares, the lowest since January 1986. Declines outnumbered advances by 676 to 245, with 190 issues unchanged. The Topix index of all first-section stocks fell 13.09 to 1,819.01 and, in London, the ISE/Nikkei 50 index lost 5.54 to 1,361.26.

The finance minister's comments further soured relations between the ministry and the securities industry. Mr Hashimoto expressed his dissatisfaction at allegations by Mr Yoshihisa Tabuchi, former president of Nomura Securities, that the finance ministry had effectively allowed the brokerage to compensate favoured clients for trading losses.

Mr Hashimoto also said that securities trading by public pension funds could be re-examined, indicating that securities investments could be excluded from their portfolios.

Rumours of Japanese brokers' further involvement with gangsters spread. Speculation that several trust funds set up recently were refraining from stock investments also shook the market.

Securities companies plunged on heavy selling. Nomura Securities fell Y80 to Y1,610 and Nikko Securities Y24 to Y856. Daiwa Securities closed Y30 down at Y1,060 after hitting the year's low of Y1,050.

Issues rumoured to have been rigged by Japanese brokerages continued to fall. Chiyoda, the plant engineer which rallied last year on recommendations by Japanese houses, plunged Y260 to Y2,050. Nippon Yakin Kogyo, the stainless steel maker, fell Y48 to Y758.

Electrical stocks were one of the day's few bright spots, supported by light foreign buying. Toshiba rose Y1 to Y731 and Sony rose Y60 to Y6,300.

In Osaka, the OSE average fell 257.97 to 26,273.78 on volume of 22.7m shares.

Roundup

END-OF-QUARTER buying lifted some Pacific Rim markets yesterday, but Tokyo weighed down others.

HONG KONG rose on month-end window-dressing and hopes of an interest rate cut, fulfilled after the close. The Hang Seng index rose 38.85 to 3,668.64, steady on the week. Volume rose above HK$1bn for the first time in three weeks, to HK$1.1bn from HK$787m.

AUSTRALIA edged higher on the day but eased 0.4 per cent on the week. The All Ordinaries index gained 5.4 to 1,506.2 in volume boosted by the expiry of June options to A$408m from A$218m. Profit warnings from BHP and CRA came after the close.

TNT dropped 11 cents to 78 cents and News Corp fell 38 cents to A$7.72. Ansett Transport, their joint venture, owns 20 per cent of America West Air, which filed for bankruptcy protection on Thursday.

NEW ZEALAND focused on the listing of GPG, the UK investment company 40 per cent-owned by Brierley Investments. The stock rose to 49 cents before closing at 48 cents on volume of 2.9m shares out of a total 10.9m.

Air New Zealand fell 2 cents to NZ$1.33 after reporting a loss for the 12 months to March 31 and a one-for-two issue at NZ$1 a share. The Barclays index rose 9.91 to 1,434.98, down 0.5 per cent on the week.

MANILA rebounded after its recent weakness. The composite index rose 16.94 to 1,059.26, reducing its loss on the week to 2.2 per cent. News that Mrs Imelda Marcos, former first lady, plans to return to the Philippines raised expectations of an inflow of cash.

JAKARTA's index dropped 7.94 or 2.2 per cent to 346.27, in turnover of 5.3m shares after 3.1m. SINGAPORE was worried by the fall in Tokyo. The Straits Times Industrial index lost 4.23 to 1,489.89, in turnover of 41m shares after 31m. KUALA LUMPUR's composite index fell 4.00 to 618.69.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JUNE 27 1991								WEDNESDAY JUNE 26 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (70)	139.72	−0.4	126.88	121.93	130.32	121.05	−0.5	5.31	140.24	126.82	122.60	130.15	121.63	147.30	112.74	139.07
Austria (20)	182.20	−1.5	165.41	159.00	169.94	169.65	−1.1	1.60	185.06	167.35	161.79	171.74	171.53	222.37	167.00	258.30
Belgium (49)	126.55	−0.7	114.89	110.42	118.03	115.31	−0.2	5.12	127.44	115.24	111.40	118.26	115.49	151.20	121.73	150.98
Canada (115)	139.07	−0.3	126.28	121.35	129.70	115.05	−0.2	3.38	139.44	126.09	121.89	129.39	115.31	142.27	126.49	136.60
Denmark (37)	240.11	−0.9	218.00	209.53	223.95	226.40	−0.2	1.58	242.35	219.16	211.87	224.90	226.86	270.58	217.74	258.72
Finland (16)	99.03	−1.6	89.91	86.42	92.37	88.38	−1.1	2.78	100.61	90.98	87.96	93.37	89.35	125.15	90.61	134.20
France (114)	126.72	−0.2	115.05	110.57	118.18	121.00	+0.3	3.85	126.92	114.77	110.95	117.77	120.65	152.26	121.65	160.50
Germany (65)	108.16	−1.2	98.20	94.40	100.88	100.88	−0.7	2.22	109.45	98.97	95.69	101.57	101.57	125.35	102.43	135.22
Hong Kong (55)	151.81	−0.3	137.83	132.47	141.60	150.89	−0.2	5.14	152.21	137.64	133.06	141.28	151.24	161.77	119.62	135.20
Ireland (18)	143.92	+0.0	130.66	125.59	134.23	136.01	+0.5	3.76	143.98	130.20	125.87	133.62	135.39	182.46	132.88	189.34
Italy (77)	74.76	−1.2	67.87	65.23	69.72	74.69	−0.6	3.13	75.63	68.39	66.11	70.18	75.15	88.23	72.05	107.70
Japan (474)	129.23	−0.7	117.33	112.77	120.55	112.77	−0.9	0.75	130.14	117.88	113.77	120.79	113.77	146.97	118.35	146.91
Malaysia (68)	235.57	−0.5	213.87	205.56	219.71	252.17	−0.5	2.58	236.66	214.01	206.89	219.62	253.34	247.78	192.83	230.74
Mexico (15)	970.44	−1.2	881.05	846.84	905.12	3204.29	−1.0	2.01	981.93	887.95	858.42	911.25	3237.42	1079.72	534.45	500.23
Netherland (31)	132.93	+0.0	120.68	115.99	123.98	122.76	+0.6	4.37	132.97	120.24	116.24	123.40	121.98	145.73	125.70	141.54
New Zealand (13)	47.45	−0.7	43.08	41.41	44.26	43.64	−0.9	8.05	47.78	43.20	41.77	44.34	44.06	54.64	41.18	64.93
Norway (32)	190.66	−1.0	173.09	166.38	177.83	180.82	−0.7	1.62	192.66	174.22	168.43	178.80	182.14	223.24	182.24	234.21
Singapore (38)	195.06	−0.4	177.11	170.24	181.95	158.40	−0.7	2.14	195.95	177.20	171.31	181.85	159.52	208.25	151.63	202.67
South Africa (61)	226.79	−1.2	205.90	197.90	211.52	164.42	−0.9	3.34	229.61	207.64	200.73	213.08	166.92	236.46	173.00	172.58
Spain (55)	148.79	−0.1	135.08	129.84	138.77	128.75	+0.0	4.21	148.89	134.64	130.17	138.17	128.73	171.12	131.51	170.22
Sweden (26)	188.13	+0.2	170.80	164.17	175.47	180.40	+0.8	2.46	187.71	169.74	164.10	174.20	179.37	204.12	146.60	224.32
Switzerland (58)	88.33	−1.1	80.19	77.08	82.39	84.82	−0.7	2.27	89.27	80.73	78.05	82.86	85.43	100.57	82.17	104.85
United Kingdom (239)	159.97	+0.2	145.24	139.59	149.19	145.24	+0.6	5.06	159.68	144.40	139.58	148.17	144.40	167.44	156.27	166.12
USA (525)	151.38	+0.7	137.43	132.10	141.20	151.38	+0.7	3.20	150.27	135.89	131.37	139.46	150.27	158.24	125.95	144.57
Europe (837)	131.08	−0.3	119.01	114.39	122.26	121.00	+0.1	3.93	131.49	118.91	114.95	122.03	120.85	151.52	125.50	150.57
Nordic (111)	180.41	−0.5	163.79	157.43	168.27	184.83	+0.0	1.98	181.26	163.93	158.48	168.24	184.79	200.81	166.55	209.47
Pacific Basin (718)	130.12	−0.7	118.14	113.55	121.37	114.06	−0.8	1.12	131.00	118.46	114.52	121.57	115.02	145.92	117.86	146.10
Euro–Pacific (1555)	130.83	−0.5	118.78	114.16	122.02	117.85	−0.5	2.24	131.52	118.94	114.97	122.05	118.19	147.66	121.29	148.31
North America (640)	150.53	+0.7	136.66	131.37	140.42	148.93	+0.7	3.21	149.51	135.20	130.72	138.77	147.92	157.04	125.91	143.99
Europe Ex. UK (598)	113.35	−0.7	102.91	98.93	105.74	106.79	−0.2	3.14	114.10	103.18	99.77	105.91	107.00	129.80	106.86	139.62
Pacific Ex. Japan (244)	138.76	−0.4	125.98	121.10	129.43	124.59	−0.4	4.68	139.26	125.93	121.76	129.25	125.13	145.86	111.40	135.69
World Ex. US (1746)	132.57	−0.5	120.36	115.70	123.66	118.80	−0.5	2.29	133.29	120.53	116.53	123.70	119.35	148.16	122.32	148.36
World Ex. UK (2032)	135.79	−0.1	123.28	118.50	126.66	127.33	−0.1	2.37	135.92	122.91	118.83	126.15	127.44	145.77	120.06	143.92
World Ex. So. Af. (2210)	137.35	−0.1	124.70	119.87	128.12	128.78	+0.0	2.62	137.43	124.27	120.15	127.54	128.77	148.86	122.92	145.72
World Ex. Japan (1797)	143.84	+0.2	130.59	125.53	134.18	137.85	+0.4	3.54	143.50	129.76	125.46	133.16	137.34	152.83	126.69	146.80
The World Index (2271)	137.92	−0.1	125.22	120.36	128.65	129.06	+0.0	2.63	138.02	124.81	120.66	128.09	129.09	149.01	123.28	145.88

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
99⅜	98⅞	Treas 10pc Cv '91 ‡‡	99⅜	.....	10.01	11.28
100⅛	99⅜	Exch. 11pc 1991	99⅜	.....	11.00	10.84
98⅝	96⅞	Treas. 8pc 1991	98⅞	.....	8.09	10.51
101½	100	Treas 12¾pc 1992‡‡	101	.....	12.60	10.61
99¼	97	Treas 10pc 1992	99⅝	.....	10.04	10.58
98¼	95	Treas. 8pc 1992 ‡‡	98	.....	8.15	10.40
100	98	Treas 10½pc Cv 1992‡‡	100	.....	10.50	10.43
95¼	91	Treas. 3pc 1992	95¼	.....	3.15	8.37
102	100	Exch. 12¼pc '92	101	.....	12.02	10.41
104	102	Exch 13½pc 1992	103	.....	13.05	10.33
97	94	Treas 8¼pc 1993	97	+⅛	8.51	10.24
99	97	Treas 10pc 1993‡‡	99	.....	10.06	10.30
104	102	Treas 12½pc 1993‡‡	103	.....	12.04	10.36
93	89	Funding 6pc 1993‡‡	93	.....	6.44	9.41
108	105	Treas 13¾pc 1993‡‡	106	.....	12.88	10.41
96	92	Treas. 8¼pc 1994	95xd	+⅛	8.87	10.35
111	108	Treas 14½pc 1994‡‡	109	+⅛	13.26	10.32
109	105	Exch 13½pc 1994	107	.....	12.59	10.46
99	96	Treas. 10pc Ln. 1994‡‡	98	.....	10.11	10.39
106	103	Exch. 12½pc 1994	105	.....	11.88	10.50
96	93	Treas 9pc 1994‡‡	95	.....	9.39	10.43
106	102	Treas 12pc 1995	104xd	+⅛	11.50	10.46
89	82	Exch 3pc Gas 90-95	86	−⅛	3.49	7.06
100	96	Exch. 10¼pc 1995	99xd	+⅛	10.33	10.46
109	105	Treas 12¾pc 1995‡‡	107	+⅛	11.85	10.48
113	109	Treas. 14pc '96	111xd	+⅛	12.58	10.75
96	92	Treas. 9pc 1992-96‡‡	95	.....	9.42	10.16
119	115	Treas 15¼pc 1996‡‡	116	+⅛	13.09	10.73
112	108	Exch 13¼pc 1996‡‡	109	+⅛	12.12	10.70
Five to Fifteen Years						
100	95	Conversion 10pc 1996	97	+⅛	10.21	10.46
99	97	Do. 10pc 1996 B	97	+⅛	10.11	10.26
113	108	Treas 13¼pc 1997‡‡	110xd	+⅛	12.01	10.71
102	97	Exch 10½pc 1997	99	+⅛	10.55	10.57
94	89	Treas 8¾pc 1997‡‡	91	+⅛	9.52	10.50
122	117	Exch 15pc 1997	118	+⅛	12.68	10.85
98	93	Exch. 9¾pc 1998	96	+⅛	10.16	10.57
85	80	Treas 6¾pc 1995-98‡‡	84	+⅛	8.02	9.92
127	121	Treas. 15½pc '98‡‡	123	+⅛	12.58	10.76
109	104	Exch. 12pc 1998	106	+⅛	11.27	10.66
97	92	Treas 9½pc 1999‡‡	95	+⅛	9.99	10.44
111	105	Exch. 12¼pc 1999	107	+⅛	11.36	10.69
102	97	Treas. 10½pc 1999	99	+⅛	10.56	10.57
101	95	Conversion 10¼pc 1999	98	+⅛	10.45	10.56
94	89	Conversion 9pc 2000‡‡	92	+⅛	9.78	10.39
116	110	Treas. 13pc 2000	112	+⅛	11.54	10.73
100	94	Treas 10pc 2001	96	+⅛	10.32	10.48
36	36	Do. 10pc 2001 B●	36	+⅛	10.32	10.49
118	113	Treas. 14pc '98-01	114	−⅛	12.21	10.87

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
98	92	Treas 9¾pc 2002	94	+⅛	10.27	10.50
100	94	Treas 10pc 2003	96	+⅛	10.36	10.46
108	102	Treas. 11½pc 2001-04	104	+⅛	11.00	10.71
58	53	Funding 3½pc '99-04	56	+⅛	6.15	9.22
97	90	Conversion 9½pc 2004	93	+⅛	10.18	10.40
97	90	Conversion 9½pc 2005	93	+⅛	10.17	10.37
118	111	Treas. 12½pc 2003-05	113	+⅛	11.04	10.52
Over Fifteen Years						
85	79	Treas. 8pc 2002-06‡‡	81	+⅛	9.77	10.36
112	105	Treas. 11¾pc 2003-07	108xd	+⅛	10.88	10.50
90	84	Treas. 8½pc 2007‡‡	86	+⅛	9.84	10.22
125	118	Treas. 13½pc '04-08	120	+⅛	11.19	10.49
94	88	Treas. 9pc 2008‡‡	90	+⅛	9.97	10.17
94	89	Do. 9pc 2008 C	90	+⅛	9.71	10.18
85	80	Treas 8pc 2009	81	+⅛	9.76	10.16
94	88	Conv 9pc Ln 2011‡‡	90	+⅛	9.99	10.15
63	58	Treas. 5½pc 2008-12‡‡	60	+⅛	9.15	10.07
82	76	Treas. 7¾pc 2012-15‡‡	78xd	+⅛	9.88	10.16
121	113	Exch. 12pc '13-'17	115	+⅛	10.38	10.20
Undated						
40	37	Consols 4pc	38xd	+⅛	10.46	–
35	33	War Loan 3½pc‡‡	34	+⅛	10.28	–
59	57	Conv. 3½pc '61 Aft	57	+⅛	6.05	–
29	28	Treas. 3pc '66 Aft	28	+⅛	10.46	–
25	23	Consols 2½pc	24	+⅛	10.34	–
25	23	Treas. 2½pc	23	+⅛	10.44	–

Index-Linked

1991 High	1991 Low	Stock	(b)	Price £	+ or −	(1)	(2)
129	125	Tr. 2pc '92‡‡	(97.8)	129	.....	1.49	5.15
118	115	Do. 2 '94	(102.9)	117	−⅛	3.72	4.64
172	168	Do. 2pc '96	(67.9)	171	−⅛	3.74	4.27
142	137	Do 2½pc '01	(78.3)	140	.....	4.03	4.34
138	133	Do. 2½pc '03	(78.8)	136	.....	4.12	4.38
140	135	Do. 2pc '06	(69.5)	138	+⅛	4.18	4.39
128	124	Do. 2½pc '09	(78.8)	126	.....	4.21	4.41
132	128	Do. 2½pc '11	(74.6)	130	.....	4.22	4.40
109	105	Do. 2½pc '13	(89.2)	107	.....	4.22	4.39
117	113	Do. 2½pc '16	(81.6)	114xd	−⅛	4.19	4.35
113	109	Do. 2½pc '20	(83.0)	110	−⅛	4.16	4.30
95	91	Do. 2½pc '24‡‡	(97.7)	92	.....	4.11	4.24

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for October 1990: 130.3 and for May 1991: 133.5.

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
102	95	African Dv Bk 11¼ Ln 2010	98	+⅛	11.29	11.31
97	91	Asian Dev Bk 10¼pcLn2009	94	+⅛	10.84	10.94
112	105	Int-Am Dev Bk 12½pc 2003	108	+⅛	11.50	11.14
92	86	Do. 9¼pcLn 2015	89	+⅛	10.93	11.03
122	101	Intl. Mexican States 16½pc 2008	121	.....	13.64	13.38

CORPORATION LOANS

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
103½	100½	Birmingham 11½pc 2012	101½	.....	11.44	11.44
96½	93½	GLC 6¾pc 1990-92	96½	.....	6.99	11.20
115½	110½	Leeds 13½pc 2006	113½	.....	11.89	11.58
30	28	Liverpool 3½pc Irred	30	.....	11.67	–
27	26	LCC 3pc '20 Aft	26	.....	11.54	–
103½	97½	Manchester 11½pc 2007	101½	+1	11.33	11.30

COMMONWEALTH & AFRICAN LOANS

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
90	84½	Sth Rhod. 87-92 Asstd	90	.....	–	–

LOANS

Building Societies

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
104½	102½	N'wide Anglia 3¾pc IL 2021	102½	−½	–	5.54
107	104¼	Do. 4.25pcIL '24	104½	−¼	–	5.15

Public Board and Ind.

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
53	52	Met. Wtr. 3pc 'B'	52	.....	5.77	9.70

FOREIGN BONDS & RAILS

1991 High	1991 Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
50	50	Greek 7pc Ass	50	.....	3.50	f7.00
50	50	Do. 6pc 28 Stb. Ass	50	.....	3	f6.00
50	50	Do 4pc Mixed Ass	50	.....	2	f4.00
55	55	Hung. '24 Ass	55	.....	2.75	f3.57
128	120	Hydro Quebec 15pc 2011	124	+½	12.89	11.82

Continued on next page

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AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS — Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES — Contd

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

For Scots. Hydro-Electric and Scottish Power see EQUITIES under LONDON RECENT ISSUES

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

For Trusthouse Forte see Forte

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) — Contd

[illegible]

INDUSTRIALS (Miscel.) — Contd.

[illegible]

INSURANCES

[illegible]

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LEISURE

1991 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
472	159	Airtours 10p	443	−10	8.25	3.1	2.5	17.4
*108	71½	Allied Leis. 5p	[illegible]	[illegible]	F4.75	3.5	7.1	6.2
246	140	Anglia TV	140	−8	9.26	2.4	8.5	6.6
31	14	Aweco 1p	21	+2	1.5	♦	10.0	♦
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

TRANSPORT – Contd

INVESTMENT TRUSTS

INVESTMENT TRUSTS – Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES – Contd

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

IRISH

TRADITIONAL OPTIONS

3-month call rates

Industrials

Property

Oils

Mines

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,154 a year for each security shown, subject to the Editor's discretion.

FINANCIAL TIMES
Weekend June 29/June 30 1991

Yugoslav crisis erodes equities ● US currency in demand as haven

D-Mark sinks against dollar

By Rachel Johnson in London and **Katherine Campbell** in Frankfurt

TURBULENCE in Yugoslavia yesterday helped to trigger a rise in the dollar but sharp falls in equities and other currencies on the world's financial markets.

The dollar's main casualty was the D-Mark, hit by the double blow of a crisis on the continent of Europe and the threat of a possible tax on German investment income.

The German constitutional court ruled on Thursday that the country must introduce controls on investment earnings by 1993 at the latest.

This has caused uncertainty about new measures from the finance ministry to tighten existing taxes on investment income as a way of earning much-needed capital. The government faces a dilemma over how to clamp down on tax avoidance without prompting capital flight.

The D-Mark sank against the dollar, which was in demand yesterday as a traditional safe haven currency, bought by investors at the first scent of war.

In London yesterday, the dollar closed at DM1.8145, after a previous DM1.7940.

The Yugoslavian crisis eroded share values. In London, the FT-SE 100 share index ended the first six months of 1990 at a four-month low, dropping 37.7 points to close at 2414.8.

By 3pm in New York, the Dow Jones industrial average had fallen by 30.41 at 2,904.52, with worries about Iraq and US banks adding to Yugoslavian concerns.

The pound lost ground against the dollar to close in London at $1.6190, after a previous $1.6330. But it rose three-quarters of a pfennig to DM2.9375.

Hopes of an interest rate cut were dashed when the Bank of England signalled to the money markets that the 11.5 per cent bank base rate should remain for the next seven days.

The weakness of the D-Mark triggered some fears that the Bundesbank would need to raise interest rates to protect the currency. This helped depress London share prices.

But the D-Mark steadied during the afternoon, as Bonn officials said they were determined not to repeat the disastrous withholding tax experiment.

Though only in place for six months from the beginning of 1989, its announcement in October 1987 led to massive capital flight out of Germany, causing a 16 per cent depreciation of the D-Mark against the dollar in just four months.

On the Frankfurt share market, the DAX index closed 2.63 per cent weaker at 1622.18.

There was no evidence of central bank intervention to cap the dollar although the Bundesbank sold $30m at the Frankfurt midday fixing.

Concerted action had been expected this week after the Group of Seven industrialised countries indicated at the weekend that they would intervene on currency markets if necessary.

Tax fears, Page 2
London stocks, Page 15
World stocks, Page 21
Currencies, Page 13

US accuses Iraq of violating treaty

By Lionel Barber in Washington and **Michael Littlejohns** in New York

PRESIDENT George Bush yesterday accused Iraq of violating the Gulf war ceasefire after Iraqi troops fired warning shots in the air to prevent United Nations inspectors from entering a suspected nuclear weapons site.

Denouncing President Saddam Hussein as a "brutal bully", Mr Bush hinted strongly that the US is ready to use force to make Iraq comply with UN resolutions calling for the destruction of its nuclear capability.

A high-level UN mission is to travel to Baghdad to demand that the authorities give immediate, total access to UN inspectors investigating the Iraqi nuclear and chemical weapons programmes.

Mr Javier Pérez de Cuéllar, the UN secretary-general, told reporters the mission would leave shortly but was not going to engage in negotiation since the UN had full authority.

Mr Pérez de Cuéllar said he did not think there were "enough elements" to justify military action to deal with Iraqi intransigence.

However, he added that it was up to the Security Council to decide how to deal with a situation that Mr Alexander Watson, the US delegate, had earlier called "very, very grave".

The State Department said the latest confrontation between the UN inspectors and Iraqi army occurred yesterday at the Al-Falusha site where suspected nuclear equipment was being moved and stored.

As the team approached with cameras, the Iraqis loaded the materials which the UN team wished to inspect and drove out of the compound.

Warning shots were fired when the UN team members moved closer, and the Iraqis sought to seize their cameras, the State Department said.

Ms Margaret Tutwiler, its chief spokesman, said: "We understand the team was able to identify the equipment as related to Iraq's uranium enrichment programme."

Mr Bush had earlier summoned his senior national security advisers to the White House to discuss military and other options for dealing with the crisis.

His statement – coupled with equally strong language from the State Department – appeared aimed at putting maximum pressure on the Security Council to respond.

The Ivory Coast, which is chairing the Security Council, called in Iraq's UN representative on Thursday and demanded that "the highest levels of the Baghdad government" should submit in writing a commitment to abide by the UN resolutions and agree to UN inspections.

President Bush: hinted strongly at use of force

Mr Bush declared there was "inconvertible, unarguable evidence" that Iraq had violated the cease-fire. "Some would argue that the UN resolution gives us... all means necessary to enforce the cease-fire," he said.

The White House meeting included Mr Dick Cheney, defence secretary, Gen Colin Powell, chairman of the joint chiefs of staff, and Gen Brent Scowcroft, national security adviser.

These high-level talks followed a meeting of the deputies committee – composed of sub-cabinet members – on Thursday which considered several options, including military, which go beyond maintaining economic sanctions against Iraq.

US officials declined to confirm or deny whether there was a consensus on the use of force.

One US official stressed that Mr Bush was studying other options centring on the use of sanctions to force Iraq to comply with UN resolutions concerning the destruction of its nuclear and unconventional weapons sites.

However, other officials noted that the option of using military force – most likely through aerial strikes against suspected nuclear caches – is being taken seriously.

For the past few weeks, the Pentagon has ordered a task force to study possible military strikes using F-117A stealth fighter bombers based in Saudi Arabia.

Another option is to use bombers based on US Navy ships in the Gulf.

Bulgarian nuclear power station 'unsafe'

By Ben Crampton in Sofia and **Anthony Robinson** in London

THE International Atomic Energy Agency, the Vienna-based nuclear organisation, yesterday warned that Bulgaria's only nuclear power station was unsafe and in need of immediate corrective work. The IAEA's statement came after Bulgarian radio broadcast denials of rumours of a Chernobyl-style nuclear disaster at the facility.

The rumours which swept through the capital Sofia yesterday concerning the Soviet designed and built Kozloduy plant on the Danube, 200km to the north, appear to have been connected with a recent three-week investigation of the plant by the IAEA.

The four standard WWER 440 pressurised water reactors were built between 1969 and 1974. Only two are in operation, with the others already shut down. "The IAEA team found the plants in very poor condition with a number of safety-relevant deficiencies", it said, urging the Bulgarian government to take immediate measures.

The dangerous state of the Bulgarian nuclear plant was criticised by the agency after a previous inspection last autumn, and on April 10 the financially hard pressed government announced it planned to spend $10m (£6m) on safety improvements, but has not yet done so.

Bulgaria has also had difficulties getting spare parts from the Soviet Union in recent month,s during which trade with Moscow has declined sharply following the switch to hard currency trading among former Comecon countries. Bulgaria was forced to suspend payments on its more than $10bn foreign debt last year.

The German government recently offered to spend DM240m (£82m) over the next seven years to make the plant safe. Electricité de France has agreed to train technicians at the plant which suffers from a shortage of skilled workers because of poor working and living conditions and low pay.

A second Soviet designed nuclear plant is under construction at Belene on the Danube but completion in 1992-94 is now in question, because it is sited in an earthquake prone area of the country.

Nuclear safety is a live political issue in Bulgaria, where two former ministers are on trial on charges of covering up the Chernobyl disaster. They are accused of not informing the population about the dangerous radioactive cloud which spread over parts of the country in the wake of the accident.

Evidence in court alleged that the former communist government led by Mr Todor Zhivkov had its officials check one in 30 tonnes of food destined for export, but only one in 300 tonnes of food for domestic consumption.

Cambodia peace hopes rise further

By Alexander Nicoll, Asia Editor

HOPES rose further yesterday for progress towards a Cambodian peace settlement, after the unexpected degree of success in talks this week in Pattaya, Thailand.

The latest encouraging signal was the reported agreement of Mr Hun Sen, prime minister in Cambodia's Vietnam-backed government, to a meeting in Beijing in July with other factions involved in the peace talks.

This would be the first time the parties have met in China, which supports the Khmer Rouge guerrillas in their 12-year-old war against the Phnom Penh government installed by Hanoi in 1978.

The accelerating momentum seen this week has fostered cautious hopes for progress towards peace and democratic elections in Cambodia. This would lead in turn to normalisation of US relations with Vietnam and the unlocking of urgently needed foreign financial support for Hanoi's economic reforms.

In Pattaya, the factions agreed on a ceasefire – though apparently not on how it would be enacted or monitored – and on cessation of arms supplies from abroad. Prince Norodom Sihanouk, 68, once king of Cambodia, is set to return to Phnom Penh as chairman of the Supreme National Council, which he described as a "super-government", standing above the existing governments of Mr Hun Sen and a guerrilla coalition.

Further signs of conciliation included an agreement to send SNC delegations to the next United Nations General Assembly and to the International Monetary Fund-World Bank annual meetings.

The Voice of the Khmer radio said the Pattaya meeting was conducted "in a remarkably wonderful atmosphere with understanding and smiles unlike previous meetings".

The Phnom Penh government did not agree to full UN administration of the transition to peace and democracy – the "Permanent Five" plan proposed last year by the US, Soviet Union, France, Britain and China.

However, the new-found ability of the factions to agree on SNC decisions has encouraged some people close to that plan to hope that its desired goals may be achieved without an extensive, costly UN involvement. Attempts are being made to convene a meeting of the five to discuss recent progress.

The next full meeting of the SNC is due to be held in Bangkok on a date yet to be set.

Burton

Continued from Page 1

costs relating to redundancies and restructuring. In 1989-90, it reported a pre-tax profit of £133.1m.

There will also be an extraordinary charge of £152m, mainly covering the write-down in value of Burton's property assets.

A final dividend of 1p is forecast which will bring the total to 3p (6p). After paying this dividend, however, a £188.9m transfer from reserves will be required – more than consuming the rights issue's proceeds.

THE LEX COLUMN

Burton presents the bill

The Burton rights issue displays a remarkable combination of boldness and desperation. The infusion of institutional cash means the group's survival is guaranteed, at least for the time being. But the doubling of the equity base is bringing in a mere £161m, little more than a tenth of what Burton was worth just two years ago. The underwriting institutions were doubtless lured in by a yield on the ex-rights price of over 10 per cent, together with a desire to protect the remains of their original investment. But it takes nerve on Burton's part to launch a cash call while forecasting a slashed dividend for the second year running and a fall of more than a quarter in shareholders' funds.

The ostensible grounds for the issue are twofold: that as a company with high operational gearing Burton is an unusually attractive recovery play: and that the property market must be allowed to recover before the retail developments are finally sold off. The gearing is in one way undeniable; a collapse in Burton's sales volume in the second half means it is now trading at a pre-interest loss. The more open question is whether it will enjoy its share of the upturn.

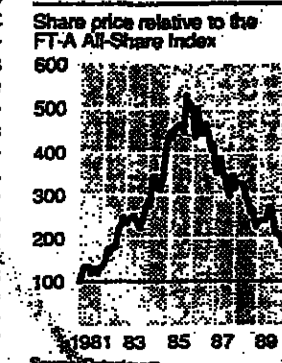
As for property, shareholders may wonder how much good money should be thrown after bad. Burton has by now written off just twice as much on its developments as it is raising with the rights issue. In addition, the issue will only just pay for the redemption of the convertible due in August next year. Burton has come back from the dead once before, in the late 1970s. It may well again. Whether it is worth investing fresh money in is a different matter.

On a more cheerful note, it is impossible not to admire the cheek of Burton's solution to the problem of having a rights issue below par value. Take each 50p share, divide it into a 10p share and a 40p share and throw the 40p share away. Then have an issue at 30p. If only all corporate finance were that simple.

Markets

It was no surprise that the London market ended the week on a miserable note. With Wall Street down 30 points in early trading yesterday and the Nikkei approaching the critical 23,000 level, the FT-SE had plenty of grounds for falling through the 2,430 floor which has held since March. It also has no shortage of problems

FT-SE Index: 2,414.8 (-37.7)



closer to home.

A fresh flood of rights issues – this week from less attractive names like Trafalgar House, Burton and BPB – has brought the total for the second quarter to £3.75bn, more than in the whole of 1990. Companies are still reporting no sign of an economic upturn, while the Conservatives are languishing in the polls. And there are heightened fears of inflation in Germany which could prompt the Bundesbank to raise interest rates soon, undermining hopes of further cuts in the UK.

Some of this must be already discounted in share prices. The FT-SE finished the quarter within 2 per cent of its level three months ago. So much for the bull market which was supposed to follow the end of the Gulf war. But the fact that it is also within 2 per cent of its level a year ago suggests not much economic recovery is discounted either. Given the efficiency gains from recession-induced restructuring, even a weak recovery could produce quite strong corporate earnings growth when it comes. From that perspective, the negative foreign lead may be a bit misleading. At 5 per cent, average UK dividend yields are nearly level pegging with inflation. That suggests equities may soon be looking cheap.

Welsh Water

The seductive explanation for Welsh Water's decision to increase its stake in South Wales Electricity to just under 15 per cent is that it is preparing to launch a bid. As a strategy this is barely credible. It is not clear that Welsh Water could raise the money even if it were allowed to. And while the government has waived golden shares in the past, the privatised utilities are presumably in a special category for a while yet. Even after the golden share expires in 1995, Welsh would need a 75 per cent majority to overturn the ownership restrictions written into South Wales's articles of association until the year 2000.

As to the logic for a takeover, there might be overhead savings. The regional lobby, however, would not be amused by more job losses. The regulators might even take the view that a single company could better afford a downward revision of the inflation-linked pricing agreements which govern the water and electricity industries.

All of which suggests the idea of taking a stake was misconceived from the moment Welsh Water unexpectedly raided the market last December. Its talk of mutual co-operation has yielded precisely nothing. Indeed, a friendly deal was ruled out by the piqued electricity company. If Welsh Water has decided on coercion rather than persuasion, it has chosen a risky time to get tough. Ofwat is expected to reveal on Monday that last year Welsh not only exceeded its profits forecast by more than any other water company, but also fell further behind on capital spending than the industry average.

Royal Insurance

Royal Insurance's curt statement on the ending of talks over the sale of its reinsurance subsidiary to General Re of the US was bound to invite negative speculation. There was still no obvious justification for yesterday's 5 per cent drop in Royal's shares to 406p, even if came in a weak market worried by news of an earthquake in California. With so much bad news emanating from Lloyds, one fear was that General had discovered a large dollop of high-risk long-term exposure on Royal Re's books. A more likely explanation was simple failure to agree on a price. While it makes strategic sense for the Royal to divest itself of a reinsurance business that was too small to compete on its own, it has no pressing need to accept fire-sale terms.

The sale was never expected to boost Royal's solvency margin by more than one percentage point. At its level in the upper 30's, the margin, though low by industry standards, is still comfortably within operating limits. In itself, General Re's withdrawal will not force the Royal to seek alternative funding by way of a rights issue.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)

Rises			
Sud Chemie	598	+	13
Falls			
Asko	832	–	23
Bayer-Hypo	352	–	16
Deutsche Bk.	629.9	–	17.1
Kaufhof	493	–	15
Springer Axel	630	–	20

NEW YORK ($)

Rises			
Am. Airlines	60⅛	+	⅛
Delta Air	69⅛	+	¼
Falls			
Am. West Air	2	–	1¼
Chase Mnhttn.	16½	–	⅞
IBM	97	–	⅝
Pyramid Tech.	12	–	3¼

New York prices at 12.30.

LONDON (Pence)

Rises			
Admiral	326	+	8
Ansbacher (H)	30	+	4
Cranbrook	18	+	3
Gardner (DC)	85	+	6
Kembrey	24	+	4
Falls			
Amstrad	52	–	2½
Anglia TV	148	–	8
BTR	370	–	14
Barclays	427	–	17
Brit Steel	121¼	–	6¼
Christies Int	163	–	13
Davies Newman	110	–	13
Greycoat	239	–	10
Midland Bank	184	–	12
Monarch Res	68	–	7
NatWest Bank	288	–	14
Royal Insce	406	–	20
Speyhawk	29	–	21
TSB	139	–	4½
Ulster TV	118	–	17

PARIS (FFrs)

Rises			
Club Med	473	+	21
L'Oreal	572	+	15
Falls			
Axa	973	–	29
Ecco	370	–	24
Locafrance	505	–	15
Merlin-Gerin	475	–	15

TOKYO (Yen)

Rises			
Takakita	1540	+	150
Tofuku Flour	711	+	81
Tokyo Radiator	578	+	47
Falls			
Chiyoda	2050	–	280
Nihon Nohyaku	1160	–	190
Tokyo Sokuhan	1520	–	180

Thatcher to retire

Continued from Page 1

giving any ground at the weekend's Luxembourg summit.

"A single currency is a move to a political union because that way you have got control of the economy," she said. "That is why I am absolutely against it."

Earlier, Mrs Thatcher emphasised that her decision not to fight the seat in Finchley, north London, that she has held for nearly 32 years was, in part, to enable her to speak her mind without commentators speculating that she might be attempting to return to Downing street.

Nonetheless, the view in Westminster was that her departure would lead to a gradual but progressive diminution of her influence in the parliamentary Conservative party, to the relief of Mr John Major's administration.

Her announcement came after almost a month of Tory infighting over Europe, stoked by Mrs Thatcher's speeches in the US and the Commons.

Commentators noted that her clashes with Mr Edward Heath, her predecessor, underlined the task Mr Major has still ahead to achieve a similar dominance over the Commons and the Tory party.

In a short statement, Mrs Thatcher pledged to continue as a "strong ally and friend" to Mr Major and his government. She made clear that she would be active in the Commons until the next election and "thereafter in the political life of the nation, albeit in a different capacity".

Mr Major paid tribute to his predecessor: "She will undoubtedly go down in history as one of the great prime ministers," he said.

Few doubt, however, that she will use her Commons seat to speak out controversially on Europe and other issues in the run up to the crucial Community summit in Maastricht in the Netherlands in December.

Mrs Thatcher also reiterated her dogged opposition both to a single European currency and the so-called Delors compromise on treaty revisions that offers the UK the right to opt out of monetary union.

"That, I am afraid, is trying to get us there step by step, little by little," she said, with characteristic bluntness. "I think that is wrong."

Mrs Thatcher, now 65, made plain that she expects to move to the House of Lords.

WORLDWIDE WEATHER

Today: a bright start in most areas, but thickening cloud from the south-west and N Ireland, followed by rain, will reach central and north-west England, Wales and parts of Scotland by late afternoon and other regions by the evening. **Outlook:** brighter weather in the south, continuing rain in the north.

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	26	79	Bordeaux	F	20	68	Dallas †	S	24	75	Innsbruck	F	16	61
Algiers	C	26	79	Boulogne	F	16	61	Dublin	C	15	59	Inverness	C	15	59
Amsterdam	C	12	54	Bristol	F	18	65	Dubrovnik	S	28	82	Isle of Man	S	15	59
Athens	S	28	82	Brussels	C	15	59	Edinburgh	C	16	61	Istanbul	S	25	77
Bahrain	S	32	90	Buenos Aires		–	–	Faro	S	25	77	Jersey	C	17	63
Barcelona	S	22	72	Budapest	F	20	68	Florence	S	27	81	Johannesburg	S	18	64
Belfast	C	15	59	Cairo	S	33	91	Frankfurt	F	16	61	Las Palmas	S	23	73
Belgrade	F	17	63	Cape Town	S	20	68	Geneva	C	15	59	Leeds	C	17	63
Berlin	F	15	59	Cardiff	C	18	64	Gibraltar	F	26	79	Lisbon	S	30	86
Biarritz	F	18	64	Chicago †	S	23	73	Glasgow	C	16	61	Locarno	C	25	77
Birmingham	R	17	63	Cologne	C	14	57	Guernsey	S	15	59	London	C	18	64
Blackpool	F	16	61	Copenhagen	C	17	63	Helsinki	C	16	61	Los Angeles †	R	17	63
Bombay	F	31	88	Corfu	S	29	84	Hong Kong	F	29	84	Luxembourg	C	13	55

		°C	°F			°C	°F			°C	°F			°C	°F
Madeira	S	23	73	Nairobi	F	23	73	Prague	F	13	55	Tangier	S	29	84
Madrid	S	28	82	Naples	S	27	81	Reykjavik	C	10	50	Tel Aviv	F	27	81
Majorca	C	23	73	Nassau		–	–	Rhodes	S	27	81	Tenerife	S	23	73
Malaga	F	26	79	Newcastle	C	18	65	Rio de Janeiro		–	–	Tokyo	S	32	90
Malta	S	32	90	New Delhi	S	39	102	Rome	S	23	73	Toronto †	S	24	75
Manchester	S	17	63	New York †	S	26	79	Salzburg	F	17	63	Tunis	S	30	86
Melbourne	C	12	54	Nice	S	25	77	S'Francisco †	R	15	59	Valencia	C	23	73
Mexico City		–	–	Nicosia	S	28	82	Santiago		–	–	Venice	C	24	75
Miami †	S	29	84	Oporto	S	25	77	Seoul	F	31	88	Vienna	S	19	66
Milan	F	23	73	Oslo	S	18	64	Singapore	F	32	90	Warsaw	C	17	63
Montreal †	F	24	75	Paris	T	15	59	Stockholm	R	14	57	Washington †	S	22	72
Moscow	C	27	81	Peking	S	27	81	Strasbourg	C	15	59	Wellington	F	9	48
Munich	C	15	59	Perth	F	16	61	Sydney	S	18	64	Zurich	R	14	57

Temperatures at midday yesterday † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

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Weekend FT

SECTION II — Weekend June 29/June 30 1991

Sticky question of fingers in the honeypot

In Britain and the US there is a growing sense that top pay has got out of hand.
Simon Holberton and Christian Tyler investigate

IN THE Roaring Eighties the British temporarily suppressed their aversion to money: the annual reward of the highest-paid company bosses rose from an average £88,340 to £398,880. But recession and a changed political climate have seen the re-emergence of traditional, and very British views of fairness.

John Major, the prime minister, found himself at one with with Roy Hattersley, Labour's deputy leader, on Tuesday in condemning the kind of pay rises awarded to executives in newly-privatised industries.

Some of the outrage may be synthetic. But allegations in Parliament and press that company bosses have their fingers in the corporate honey pot may stick. Are these awards really based on performance? If not, who will blow the whistle? How much money does a top executive really need as an incentive? Indeed, is money really the incentive it is claimed to be; or is it just a means of showing off? Are the British just being genteelly squeamish about the real world of big business?

Both in Britain and the US there is a growing sense that top pay has got out of hand. In the US the prevailing 1980s orthodoxy among business school academics and consultants was that the way to improve corporate America's performance was to motivate managers by making them super-rich. But, to the disquiet of shareholders, super-performance has not always followed.

US shareholders have also been asking why so many executives sit on each other's boards of directors, and in some cases on each other's remuneration committees. Can they then act impartially on behalf of shareholders? For example, the heads of American Express and Bristol-Myers Squibb sit on each other's compensation committees.

In Britain, top managers' pay has risen sharply since the beginning of the 1980s. More than half of today's 100 constituent companies in the FT-SE 100 Share Index were among the biggest in 1981. The average total remuneration (salary and bonuses) of the highest paid executive of those companies rose 351.5 per cent between 1981 and 1990. Over the same period average earnings in Britain rose by less than half as much (106.8 per cent), while retail prices increased 68.6 per cent.

But year to year, for reasons of timing, performance or plain tact, there is no consistency. While some executives are going up, others are coming down. This year, there have been many instances of chief executives taking a pay cut: Sir Denys Henderson of ICI dropped 13 per cent, Sir David Scholey of Warburgs 15 per cent, Lord Stirling of P & O 14.2 per cent. Bruce Pattullo of Bank of Scotland, who will be getting less this year, admitted that the financial services industry had been "somewhat irresponsible in the last few years."

Nor have British directors adopted to the same extent the US habit of sitting on each other's boards. Studies of the UK show that some 80 per cent of non-executive directors in Britain are retired executives not previously associated with the companies on whose boards they sit.

Britain is different, too, in visceral response to top people's pay. The depth of the public's reaction raises issues about British society.

Why such a clamour when on the European Continent what executives earn barely raises an eyebrow? "In the US it would be inconceivable for a story about an executive's salary moving from £80,000 to £120,000 to appear on the front pages," said Sir Adrian Cadbury, who heads a City task force on British corporate governance.

As John Banham, director-general of the Confederation of British Industry, said when defending his troops on Wednesday: "Envy is a sad emotion to watch." Blenyth Jenkins, director of corporate affairs at the Institute of Directors, said: "It's only in this country that top pay attracts such attention." Occupational psychologists agree. "As a nation we are affected by underlying Protestant attitudes," said Paul Brown, a psychologist who advises companies. "The pay controversy is about envy; we are a quietly envious nation. The French like anything to do with pleasure, of which sex and food are but two aspects. We as a nation are ambivalent about pleasure."

The recipients of big pay cheques and fat bonuses offer a different explanation. Sir Ian MacLaurin, chairman of Tesco, the grocery chain, was awarded, a 13 per cent pay rise which took his salary to £390,000. When added to a £1.09m three-year performance-related bonus, this lifted his total remuneration to £1.4m last year. MacLaurin maintains companies must either pay for top managers or see them go elsewhere. Referring to job foreign job offers, he said: "The call has come many times to me and colleagues and we have stayed."

"I certainly do not have any conscience about what we've done at Tesco," he says. "It was a no-hope company 10 years ago and now it one of the best in the world. If we don't achieve outstanding results then we do not get the bonus."

Sir Ralph Halpern, former chairman of the retailing group, Burton and a man whose pay packet was a headline-writers' dream, says it is "quite proper" that the subject should be in the news. His retirement from the board of Burton last November was noteworthy not only for bringing to an end the career in retailing of one of Britain's more colourful executives but also for the size of his severance pay. Halpern received £2m and an annual pension of £456,000. Yesterday Burton announced it was shedding 1,600 workers and warned of a big loss this year. Halpern's reply to criticism of his pay is acid: "You can always question those arrangements when you know nothing about them." He pointed out that he had contributed to Burton's pension scheme for 30 years and that £1m of the pay-off related to deferred performance-related compensation.

Yet curiously, after a decade in which Ministers have striven to abolish the "going rate" for workers' pay, the ideas of catch-up and comparability dominate the deliberations of the boardroom. The Bank of England, in defending the Governor's 17 per cent pay rise, resorted to both justifications.

And John Baker, chief executive of National Power, a regulated utility operating in a duopoly, said of the 58 per cent increase in his overall remuneration which has caused such a row this week: "It [National Power] is included in the FT-SE 100 Index, and one would expect remuneration throughout the company to be in line with all that implies."

It is this kind of explanation that upsets nervous Tories. "Any idiot can run a monopoly," said Anthony Beaumont-Dark, Conservative MP for Birmingham, Selly Oak, and a director of several Midlands companies. "They're helping not to build capitalism, but destroy it. If we don't stop them now, the Socialists will win. They are doing tremendous harm to the party."

Students of human motivation take a more sideways view of incentive pay. They say the money is secondary to the sense of gratification, the status and public prominence it confers. Cary Cooper, professor of Organisational Psychology at Manchester School of Management, believes it all hinges on status. "In their climb to the top they have sacrificed a lot – their families, their health – and they want recognition and a pay-off for that. It's the status the money gives them, not the money itself."

Pay is a metaphor for personal worth. Said Paul Brown: "It is linked to the ego structure of the person. When chief executives decide something about their salaries they are telling us about their ego needs.

"You have to remember that there is only a small club of these people. Their own sense of comparative well being in a competitive environment is bound up in their salary. It's about making statements to the competition; it's old bulls fighting off old bulls." That may be. But there are more practical questions to be answered: The extent to which these payments reflect genuine performance, or are justified by the international trade in executives; whether non-executive directors are tough enough to see fair play done; whether shareholders, especially the big institutions, are inquisitive enough about what is put inside the pay packets of top managers. Or is it, as many businessmen have told us this week, really all a matter of better presentation and communication?

Not so according to W Edwards Deming, the 91-year-old American management seer, whose views are today considered radical because they run so counter to fashion. He told *Forbes* last month that individual performance simply cannot be measured. Paying for it was like "rewarding the weather man for a pleasant day".

Certainly current boardroom practice would seem to fall short of the ideal – that performance should be measured and rewarded over the long term. A survey by Korn/Ferry International, an executive search consultancy, shows that eight out of 10 companies have very short horizons. Their idea of the long-term are schemes which are triggered every 12 months.

As for marketability the ground looks a little firmer. John Grumbar, managing partner in London of Egon Zehnder, one of the world's biggest headhunters, said there was genuinely international trade in top executives in sectors such as finance, motor vehicles, high technology. The number of such sectors was growing. Still, at the highest level of British industry – and French and German industry for that matter – the number of foreigners running big companies is tiny.

Many believe that those who hold the key to the whole controversy are the non-executive directors who ought to be controlling the pay committee of a board. Joe Palmer, chief executive of Legal and General, sits on the remuneration committee of National Power. He said that such committees do think about the reaction of a company's own workers and of outside opinion. "Very often directors, like politicians, have to make decisions which are not popular with everybody. They also have to justify what they have done."

But do companies have the right directors to determine pay fairly and objectively? In many cases, according to Cadbury, an active campaigner for non-executive directors, they lack "people who will look after the interests of shareholders instead of having too cosy a relationship".

Ah, the shareholders. Why should they – small investors and City institutions alike – complain about the big rewards for bosses so long as their companies are performing well? Small shareholders may complain at the annual general meeting. The institutions are more shy: their own chief executives are some of the most highly rewarded men in British finance. Cases of direct intervention are rare: the best known was the institutions' challenge to Halpern's trend-setting stock option plan at Burton.

Paul Whitney, chief executive of CIN Management, which runs the British Coal pension funds, observed: "If the going rate for senior executives is consistent with the value they are able to create, it would seem logical that they are paid it. It's performance that counts, and long-term value."

Appearances are everything, said Oscar Wilde. And for big business, once more under siege from public, Parliament and press the escape tunnel carries the sign-post Better Presentation. As one apologist commented: "Unjustified pay rises carry the seeds of their own destruction. In most cases they are not unjustified. But companies don't make a good fist of presenting their pay systems openly."

This week's furore makes it even more likely that directors in British company boardrooms will be forced to be more methodical, more open and more diplomatic about how they pay their chairmen and chief executives. Clearly, Britain is still not ready for the spectacle of old bulls locking horns.

■ Dominic Lawson, Page XXII

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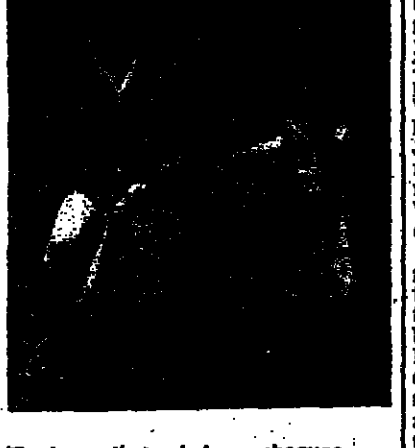
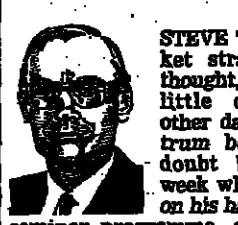


The horse that eats large cheques. Caroline Cross begins a new series on private passions page VII

The Long View/**Barry Riley**

A year of two halves



STEVE THE stock market strategist was, I thought, looking just a little downcast the other day. The old rostrum bounce will no doubt be back next week when he embarks on his half-yearly global seminar programme, and the floppy disks start zipping through his new personal computer-based portable video projection system, but he may have a little bit of explaining to do.

"I'm uncomfortable in currency-driven markets," he confessed. "The trouble is, most of my clients are dollar-based, and from their point of view global markets have been a yawn this year. The World ex US index is only up 2 per cent in dollar terms, and Japan in particular, which is still over half of the World ex US index by capitalisation, has gone nowhere at all. In fact the Japanese market is one of my big worries. From a European point of view, naturally it looks quite different. The World Index in sterling is up 25 per cent."

But when I pressed Steve further I gathered that the problem lay in more than just his failure to predict how far the dollar would appreciate this year – by about 20 per cent against the main European currencies for instance. The difficulty is that the output screens of some of his important valuation models are now starting to flash red, notably in the US where the equity market has not looked so stretched since just before the 1987 crash. It is not a situation that can stand too many IBM-style earnings downgrades.

"Right now our economic recovery scenario still holds water," said Steve. "The OECD, for example, is still predicting nearly 3 per cent GDP growth for the major industrial economies in 1992, up from 1 per cent this year. I don't disagree with that. But we are starting from a point of considerable capital market stress, with government indebtedness high and rising, led of course by Germany which is heading for DM150bn minimum of public sector borrowings this calendar year.

"So bond yields, which ought at this stage of the cycle to be still trending down, have been edging higher. As for stocks, you know that on both sides of the Atlantic there has been a big wave of debt paydown on the back of the Q1 equity market rebound. In the UK, for instance, equity rights issues have now exceeded £6bn in the first half-year, and if you add in convertibles and secondary placements you are talking about £9bn. Don't panic, but we have an oversupply problem here, and a quality gap too, looking at the latest candidates."

One implication, I remarked, was that companies had come to the conclusion that their share prices were rather high. Another side to that was the persistent over-optimism of stockbrokers' analysts who never seemed to have got to grips with the scale of the pressure on earnings this year in the US and the UK. As for the rest of Europe, and Japan as well, economic recession was not such a problem but company profits seemed to be under a lot of pressure nevertheless.

Steve nodded. He was having a lot of trouble with his corporate earnings matrix, it seemed. There was always a big gap between the estimates of aggregate profits made by economists and strategists and the "bottom up" forecasts made by individual analysts, but the gap had recently become larger.

"Industry analysts dare not be bearish these days about their specialist companies or they may be talking themselves out of a job," he said, rather candidly I thought. "So the raw 1991 forecast data suggesting 10 per cent earnings per share growth for the UK, for instance, is having to be refactored in on a top-down basis at minus 5 per cent. Of course, it's worse for the typical industrial company because the UK market aggregates are being hoisted up by the big new privatised utility sectors which are eagerly exploiting their cosy monopolies – at the expense of more competitive sectors, needless to say."

The underlying international problem with earnings, he thought, was that even where countries were not in recession they were nevertheless at a fairly mature stage of the cycle – with a lot of wage pressure in Germany, for example. But when the American economy recovered there would be a lot of scope for productivity gains, and this would be true of the UK too next year. Indeed, by that time company profits could be rising faster than any of the analysts were expecting.

"Let's hope so," said Steve. "My tactical asset allocation models are going to need a bit of help from somewhere if they are to give any buying signals for equities in the major markets. No wonder Wall Street has balked at pushing the dividend yield below 3 per cent. The stock market ignored rising bond yields for several months, as it often does, but the strain was building up so the minor bond market selloff in June has had a pretty immediate impact. And of course a huge volume of new US Treasury debt will be impacting over the next couple of months."

With the major stock markets moving sideways, fund managers have had time on their hands to chase one or two fringe countries such as Mexico – where the market has doubled in sterling terms in six months – and Sweden. But poor old Steve apparently cannot find any market which has actually been going down and might have some rebound potential.

"I'm beginning to worry that the short-term traders will become impatient and we will have a general if temporary shakeout before the next leg of the bull market. I still can't make up my mind whether to go firm on that for my global presentations," he confessed.

I had to press Steve pretty hard to get him round to the sensitive subject of currencies. It seems that back in January he was correctly expecting short-term dollar interest rates to fall and DM rates to rise but he never dreamt that in those circumstances the exchange rate would move sharply the dollar's way.

"I think we will see even higher DM rates for a while," he said, "but if I dare to forecast a weaker DM on that basis this time I'm sure to be whipsawed."

THE WEEK IN PERSPECTIVE

FINANCE AND THE FAMILY

London Markets

Cloudburst over Bleak House

LONDON. Trinity term in full swing, and George Walker still sitting in the Brent Walker boardroom. Implacable June weather. As much moisture on the square at Lord's, as if the waters had but newly retired from the face of the earth.

Rain everywhere. Rain up the river at Millbank, where Imperial Chemical Industries is under siege from Hanson; rain down the river at Milk Street and Lime Street, where TSB and Lloyd's of London this week reported losses of more than £650m between them.

Rain on the Essex marshes, where Amstrad announced an exceptional £20m write-down against unsold stocks of personal computers; rain on the Sussex coast, where Nissan UK, the car distributor, was raided by the Inland Revenue.

With apologies to Charles Dickens's *Bleak House*, most of the week's market-related news seemed as gloomy as Britain's atrocious June weather.

Certainly, there was a big black cloud loitering over London equities for the second week in succession. Following last week's 34.8 week drop, the FT-SE index tumbled a further 72.7 points to 2,414.8. This was its lowest close since March, marking a decisive break from the 2,450 to 2,550 trading range in which it had sidled since then.

Some equity chart strategists now feel that the market may be vulnerable to further setbacks, perhaps down to the 2,300 level or beyond. "The nearest support level is 2,150 but my initial target is 2,300", says Richard Lake of Hoare Govett.

In an interesting and possibly unique meteorological phenomenon, the malignant weather systems over Old Broad Street appeared to be rolling in simultaneously from Tokyo, Frankfurt and Westminster.

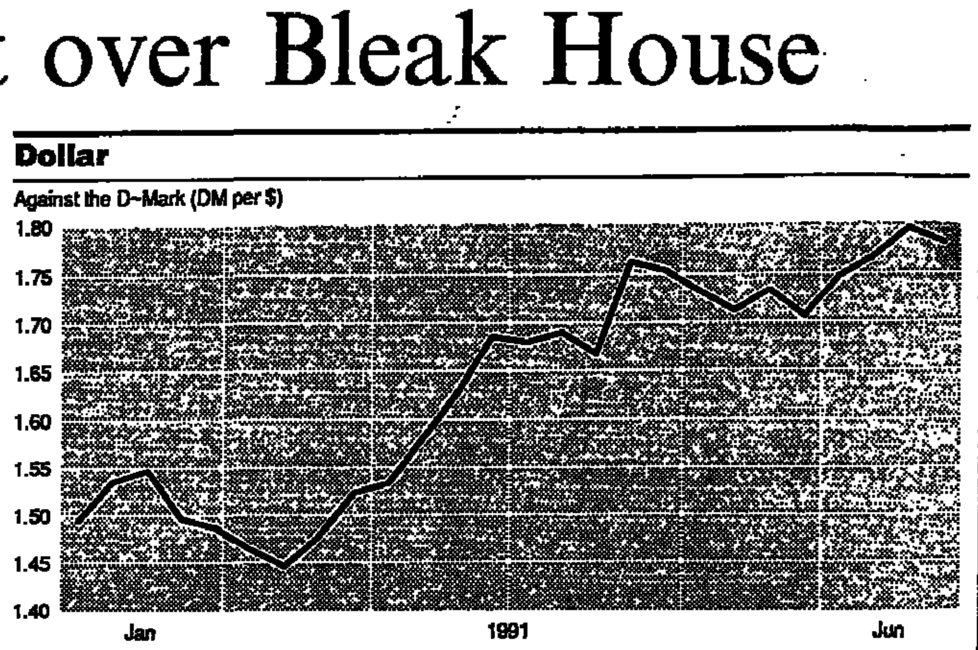
The bad news from Japan was the resignation of the heads of two of the country's Big Four securities houses following a series of scandals. The industry has been shamed by the surfacing of links to local crime syndicates. It has also emerged that houses had proffered financial umbrellas to favoured corporate customers in the form of compensation for trading losses.

The Teutonic dampener was concern that German interest rates might be raised. Immediate worries were dispelled by Thursday's meeting of the Bundesbank's policy-making council in Berlin which left rates unchanged. The meeting coincided, however, with fresh inflation figures showing a disconcertingly big 0.5 per cent jump in the cost of living index in west Germany in the month to June.

At that point, while the

Dollar

Against the D-Mark (DM per $)



Source: Datastream

council was engaged in its deliberations, it looked as if Sunday's thinly-veiled warning from the G7 finance ministers and central bank governors that they would not allow the sun to shine uninterrupted on the fast-appreciating dollar had had some effect.

On Thursday night, the US currency was still worth fewer D-marks at 1.794 than it had been the previous Friday. But yesterday, it resumed its upward trajectory, closing at DM1.812. Having risen by nearly a quarter against the D-Mark since early February the dollar is at its highest level against most European currencies for 18 months.

The thunder and lightning from Westminster, meanwhile, took the form of further Conservative Party infighting over Europe in advance of the Luxembourg EC summit. Whether a truce will be called in the wake of Margaret Thatcher's decision to stand down as an MP remains to be seen. Whatever the case, the City must be harbouring increasingly grave doubts over the party's ability to get its act together in time to win a fourth consecutive term.

Certainly, the government is receiving precious little help from the economy. The week's biggest statistical headlines were generated by the £1.1bn May deficit on Britain's seasonally adjusted visible trade.

Equally significant, however, were the findings of the latest Confederation of British Industry monthly trends survey, which provided no sign of a recovery in demand or output among domestic manufacturers.

The document showed that order books are continuing to weaken and that expectations of price increases are at their lowest for 24 years. These particular points will not be lost on the workforce at Ford's Halewood car assembly plant which will be on a three-day week starting in September.

Other corporate cloudbursts in another big week for rights issues and restructurings came from Burton Group, the clothing retailer, Beazer, the construction and building materials group, and BPB Industries, Europe's largest plasterboard manufacturer.

Burton is to raise £161m through a 1-for-1 rights issue, sell off subsidiaries and take steps to improve its trading performance. Measures will include cutting 1,600 jobs. The shares ended the week at 44p – down 20p.

Beazer is to float up to 100 per cent of its European housebuilding, property and contracting businesses with the aim of cutting its heavy borrowings. The group also asked its bankers to support plans to reschedule up to £1bn of debts. The shares closed at 85p – a loss of 62p.

BPB also plans to reduce debt through a £125.5m rights issue. The company announced a 28 per cent fall to £90.8m in annual profits. The shares fell 15p on the week to 185p.

Trafalgar House's rights issue announcement, meanwhile, coincided with its recommended cash offer worth up to £114m for troubled Davy Corporation. The engineering contractor's shares climbed 30p during the week to 81p; Trafalgar shares fell 31p to 223p.

And George Walker? He had writs served on eight of the nine banks in Brent Walker's steering committee of lenders in a bid to stop them voting their shares next week to remove him from the board.

London. Trinity term in full swing...

David Owen

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991 High	1991 Low	
FT-SE 100 Index	2414.8	-72.7	2545.3	2054.8	Setback in Tokyo
Allied-Lyons	518	-31	584	460	Weather/recession hit beer sales
Amstrad	52	-14	93	51	Profit write-down warning
BPB Inds	185	-15	252	171	£125.5m cash call
Beazer	85	-62	195	79	Profit warning
Burton	44	-20	109½	42	Rights issue
Fisons	478	-32	512	345	Profit-taking
Gardner (DC)	85	+31	130	53	In bid talks
Grand Metropolitan	720	-35	839	623	Fears of EC duty hikes
Hawker Siddeley	530	-31	624	417	Analysts forecast cuts
Rank Organisation	637	-36	779	562	Analysts' caution
Rothmans B	963	+52	968	635	Good figures/thin market
Storehouse	97	-5	126	94	Slow clothing sales
Trafalgar House	223	-31	275	178	Bid for Davy Corp
VSEL	424	+25	438	330	Submarine order hopes

Serious Money

Labour will make savers earn their loopholes

By Philip Coggan, Personal Finance Editor

THERE MUST BE a general election within the next year, and given the state of the opinion polls, savers will inevitably be turning their thoughts to the prospect of a Labour government.

On page IV, Margaret Beckett of the shadow Treasury team outlines her proposals – a top rate of 50 per cent for both income and capital gains, with an investment income surcharge of 9 per cent on top on "unearned" income of more than £3,000. The surcharge will not apply to pensioners or to capital gains, but the CGT threshold will be cut heavily, possibly to £1,000.

The impact on the psychology of savers could be substantial. True, it is only three years since the top rate of tax was 60 per cent, but savers have had a very good deal over the last few years and may find the switch a bit of a shock.

Those who have more than £3,000 in investment income may be comfortably off, but they are not necessarily rich. When base rates were 15 per cent, one could theoretically achieve a gross income of £3,000 on a portfolio of just £20,000.

For such people, a marginal tax rate of 59 per cent means that building societies will be unlikely to offer a real (after inflation) return, unless the Labour Party plans to make the economy groan under punitively high interest rates.

Nor will switching a portfolio into shares look particularly attractive in tax terms.

Imagine a high rate taxpayer with £100,000 who achieved a return of 15 per cent a year, 10 per cent in capital growth and 5 per cent in dividend, when inflation was 5 per cent. The portfolio would grow in a year to £110,000 which after indexation and the £1,000 relief would give him a capital gains tax bill of £2,000. In addition, on his dividend income of £5,000, he would pay 50 per cent tax on the first £3,000 and 59 per cent on the rest, or £2,680.

The total tax bill would be £4,680, compared with just £2,000 under the current system.

You may well say, why shouldn't investors pay tax on their gains? It is a perfectly fair point, but remember that the description of such income as "unearned" can be rather misleading. Most people's savings come from money they have already earned, and paid tax on. They have chosen to save it, rather than spend it, and a large part of the interest or capital gains they receive merely compensates them for the impact of inflation.

Nevertheless, I do not want to dwell on the political argument, but merely point out that many people will not be eager to pay these increased taxes. They will look for any tax loophole available.

The prime motto for such people is to shop now while tax loopholes last. Personal Equity Plans (PEPs) do not appear to be very popular with Labour, so there may well be a case of taking full advantage this year. That is not necessarily to say that you should rush out and put the full £6,000 into shares now – the stock market may have further to fall as it absorbs the depth of the recession and the sheer volume of rights issues.

But there could well be a case for feeding monthly payments into a PEP, or simply waiting for the FT-SE to drop a couple of hundred points or so, and then taking the plunge.

The Business Enterprise Scheme is certainly set to disappear in its current form under Labour, as the marketing men will doubtless be reminding investors shortly. But here one needs to be careful – one of the oldest financial rules is not to make decisions *purely* for tax reasons. It is no good saving 60 per cent in tax and losing 100 per cent of your investment – and some BES schemes, even those associated with property, are very risky.

Tax Exempt Special Savings Accounts are popular with the Labour Party – so should remain in place – but these are such good deals that you should open one immediately, if you have not already done so.

Once Labour is elected, the loopholes are set to shrink. The accountants and tax lawyers are doubtless already planning new schemes – perhaps, as is suggested on page IV, by exploiting the differential rate between capital gains and income tax. But there will be a limit in that investors will have to pay a minimum level of tax.

One big set of gainers is likely to be the life insurance companies – at least on what is currently known of Labour's plans. There may no longer be life assurance premium relief, but the tax-free sum on maturity will be a powerful weapon in the salesman's armoury, as will tax relief (albeit probably only at basic rate) on personal pension contributions.

One of the Conservatives' core beliefs – the drive for wider share ownership – will be stopped in its tracks. That may not upset Labour too much, but it is ironic that the investment institutions - which after all are "the City" – will be prime beneficiaries from their policies.

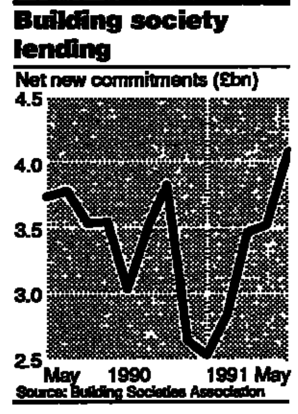
There may also be a revival in the housing market, since owner occupied homes will still be free of CGT. Why pay tax on your savings, simply use the money to pay off debt on a larger house? Britons have done it before.

And of course, a lot of money will simply vanish offshore. The tax rules may appear to be tight, but without exchange controls, someone who is determined to evade tax is bound to fund an offshore centre that will quietly take his money. It may not be legal, or ethical, but it will happen.

AT A GLANCE

Building society lending

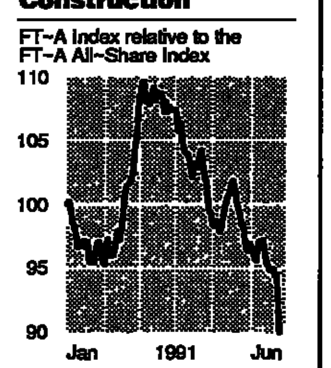
Net new commitments (£bn)



Source: Building Societies Association

Construction

FT-A Index relative to the FT-A All-Share Index



Source: Datastream

Building society lending still slack

Lending by building societies increased by almost 15 per cent last month but the underlying trend was down after allowing for the usual seasonal upturn in business. Net new commitments rose to £4,078m in May from £3,691m in April; more than 90 per cent of which was in the form of new mortgage advances. However, Mark Boléat, director-general of the Building Societies Association, said that May was traditionally a buoyant month for mortgage lending. "On an annual comparison lending is virtually unchanged compared with May 1990," he said. "Clearly, the recent reduction in mortgage rates has not yet resulted in a significant increase in mortgage demand." Meanwhile, the number of people in arrears on their mortgages or having their homes repossessed was at an all-time high this week, according to research funded by the Bank of England. The survey, published in *Roof*, the magazine of the housing charity Shelter, showed that the number of properties repossessed almost doubled from 20,640 in March 1990 to 47,940 in March 1991. One in 12 people with home loans is at least two months behind with payments – more than double the number last year.

Construction sector buzzes

It has been a busy week for news from construction and building materials companies. On Tuesday Beazer announced plans to reschedule up to £1bn of debt and revealed further details of its plan to float off its UK based housebuilding and contracting businesses. On Thursday BPB Industries, Europe's biggest plasterboard manufacturer, announced a £125.5m rights issue and 28 per cent fall in pre-tax profits to £90.8m. Construction share prices, which earlier this year had raced ahead, have fallen sharply recently against the FT Actuaries All Share Index as hopes of a housebuilding-led recovery have faded. Builders say concern about rising unemployment and the state of the economy are deterring potential buyers despite recent falls in mortgage interest rates.

Smaller company indices slump

Down and down go the small company indices, as the early year rally fades in the memory. The Hoare Govett Index (capital gains version) dropped 1.7 per cent to 1389.58 in the week to June 27; while the County index fell 1.5 per cent to 953.63.

Societies to merge

Another building society merger was announced this week – an increasing trend in the industry. Bristol and West, the country's tenth largest building society, is taking over the Hertfordshire-based Cheshunt Building Society, which ranks 37th. Cheshunt was obliged to arrange a standby facility with the Leeds Permanent earlier this year after it suffered an 82 per cent drop in profits from £4.56m last year to £786,000 this year. The Bristol & West has assets of over £6bn.
Allan Reece, chief executive of Cheshunt, said that its 55,000 investors will get a bonus of at least 1 per cent probably including a loyalty element if they stay with the society.

Currency account launched

Tyndall & Co Ltd has launched a new deposit account which can hold a number of different currencies. The multi currency deposit account allows the customer to switch between seven currencies onshore and 10 currencies offshore, without paying commission. The minimum initial deposit is £1,000, or its equivalent in other currencies. Interest is payable at 10.25 per cent gross on sterling, down to 4.86 per cent on US dollar holdings.

Wall Street

Banks catch merger fever

HUGH McCOLL, a tough former Marine, has built North Carolina-based NCNB Corp into one of the top 10 US banks over the past eight years through a whirlwind of acquisitions.

This week he revealed his most ambitious move yet - preliminary takeover talks with another large south east bank, C&S/Sovran, which could turn NCNB into the second largest bank in the US, after Citicorp. The news was the most startling of a slew of banking sector announcements this week which underline the forces reshaping the US industry.

For US banks are in the early stages of a merger wave which will re-order the leadership of the sector and mean greater prominence for banks such as NCNB - so-called "super-regionals" which have been expanding rapidly from bases away from the traditional banking centres, New York and San Francisco. The driving force behind the consolidation is the fact that America is overbanked – there are too many institutions relative to demand – and mergers bring opportunities for savings.

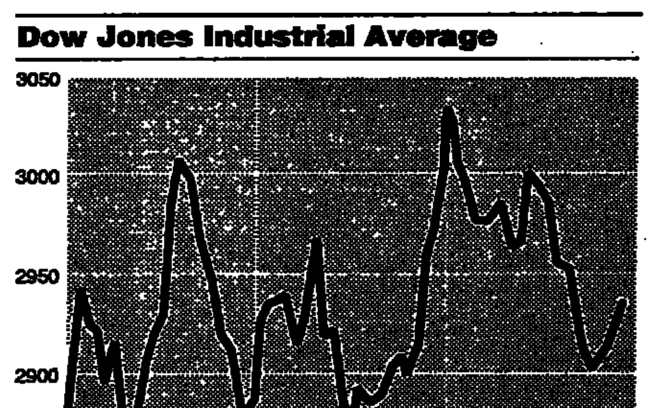
These market forces produced a steady stream of mergers during the 1980s, but the pace is quickening, for two main reasons. First, the US Treasury's bill to reform the US banking industry, which is going through Congress with a speed and degree of support that until recently seemed unthinkable, would do away with legislation which restricts competition in the sector.

It would allow banks to branch across state borders, rather than having to run separate operations in each state. McKinsey & Co, the management consultant, has estimated that the changes could save banks $10bn a year – a huge sum when set alongside the sector's $16.6bn of profits in 1990, admittedly a bad year.

The second factor prompting mergers is the sickliness of the industry, grappling with rising portfolios of bad loans due to widespread collapses in property prices and difficulties among highly "leveraged" (in other words, indebted) companies on which the banks lavished money in the 1980s. In this climate, better capitalised and more cautious lenders can pick off their weaker brethren.

The Wall Street consensus is that the industry probably has the worst of its loan problems

Dow Jones Industrial Average



behind it. The expectation is that most large banks will still show an increase in non-performing loans when they report second quarter results next month, but that the pace at which these are rising will be far slower than late last year and early this.

However, this week brought news which casts some doubt on this assumption. Wells Fargo, the large West Coast bank which has managed to avoid serious loan problems, in spite of an extremely heavy exposure to both leveraged companies and the property market, announced that it would be adding $350m to its reserve for possible loan losses, four times as much as the first quarter, cutting earnings by 94 per cent, to $15m.

The move followed a look at Wells' portfolio by federal bank examiners, who may have pushed the institution to a more cautious classification of its loan book. Lack of detail made it difficult for Wall Street to decide whether Wells' difficulties implied more serious problems at other banks. But it may be significant that much of the increase in non-performing loans involved borrowings by highly leveraged companies – a category that has been causing the industry less pain than the property sector.

In any event, the sector's loan loss problems are putting increasing pressure on the Federal Deposit Insurance Corporation, which insures bank deposits. It warned this week that it would run cut of money later this year, rather than next as previously forecast. The agency says that while it now expects fewer banks to fail, those that do will include some larger-than-average East coast institutions.

If the NCNB bid for C&S/Sovran goes ahead it will be a case of second time lucky for McColl, who in 1989 launched an unsuccessful hostile takeover for Citizens & Southern, the largest bank in Georgia. Citizens saw him off, but then agreed to merge with Sovran Financial of Virginia to form C&S/Sovran. That deal has produced a portfolio of troubled Sovran real estate loans and the bank is now willing to "look seriously" at NCNB's overtures.

It was a big week for North Carolina banks. On Monday, Wachovia Corp underscored the consolidation trend by agreeing to pay $800m to buy South Carolina National, the biggest bank in that state.

The banking sector news with most impact on the stock market was the Wells Fargo profit warning, which increased the jitters of investors already worrying about the earnings corporate America will announce over the next few weeks. That, coupled with Tokyo's plunge on Monday, meant some sharp downward movements in the indices.

Monday	2913.01	– 52.55
Tuesday	2910.11	– 2.90
Wednesday	2913.01	+ 2.90
Thursday	2934.93	+ 21.92

Martin Dickson

The Bottom Line

A different board battle

FOR THE past two years a price war has raged across Europe over one of the most prosaic of building materials: plasterboard. A British company (Europe's biggest producer), a large French materials group and a privately owned German company have slugged it out for supremacy at builders' merchants and on construction sites.

Alan Turner, chairman of BPB Industries, the British group, says that European prices of plasterboard have fallen by between 20 per cent and 40 per cent because of competition between his company, Lafarge Coppée of France, and Knauf of Germany.

Plasterboard, invented in the US in 1890, is increasingly used for the interior walls of homes and commercial buildings. It is popular with contractors as it is easier, quicker and less messy to install than wet plastering.

The product was brought to Britain in 1917 when British Plasterboard, the forerunner of BPB, opened a plant on Merseyside. For almost 20 years BPB had a virtual monopoly on the British market. Since 1987, first Knauf and then Lafarge, the latter in a joint venture with Redland of the UK, have started manufacturing locally.

The British invasion was seen by many as retaliation against BPB's predatory moves into continental Europe where it had become the largest producer in France and the second largest in Germany behind Knauf.

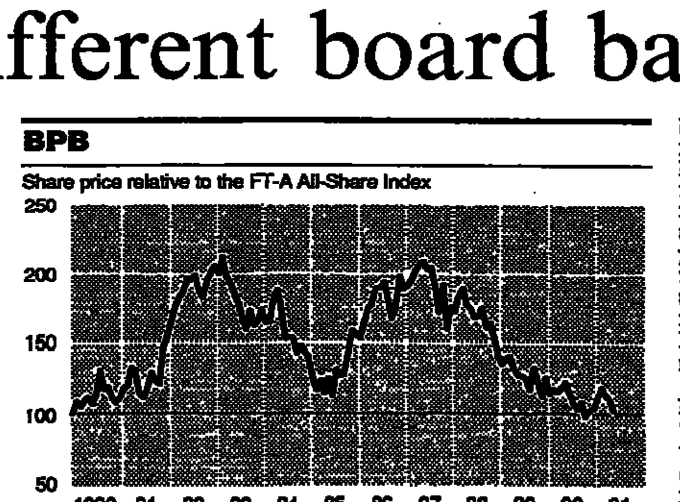
The battle has been costly. On Thursday BPB disclosed another sharp decline in pre-tax profits when it announced plans to raise £125.5m through a rights issue, its first in 15 years. Shareholders were offered one new share at 155p for every five shares already owned. Since the announcement, its shares have fallen 14p to 186p.

BPB's pre-tax profits have more than halved from £203.3m in 1988-89 to £90.8m during the 12 months to the end of March this year. The principal causes for this collapse, says Turner, are the effects of the price war and the recession in the UK residential and commercial property markets.

BPB says it needs the rights issue cash to reduce debts which have arisen as a result of spending £926m over the past five years on acquisitions, mainly in continental Europe, and on capital investment to reduce production costs and improve the productivity of its

BPB

Share price relative to the FT-A All-Share Index



Source: Datastream

plants.

During that period BPB says that its share of the European plasterboard market has risen from 20 per cent to 57 per cent. Lafarge is the second largest producer with 24 per cent and Knauf is third with 16 per cent, according to the British group.

Borrowings however have risen sharply as the group has sought to consolidate its lead by "becoming the lowest cost producer in each of the markets in which we operate."

Net debt during the 12 months to the end of March trebled from £99.4m to £306.7m. Gearing which has risen to 52 per cent would fall to 25 per cent as a result of the rights issue, says Turner.

Proceeds also would be used to improve production facilities, mainly on the continent and to take advantage of emerging trading opportunities in east Europe particularly in eastern Germany.

In normal circumstances, BPB would expect in the next few years to reap some of the benefits from its large capital investments. In the UK, the housing market is poised to recover as mortgage interest rates have fallen. In France and Germany, demand for plasterboard has continued to rise. In east Germany, large amounts of reconstruction and repairs and plasterboard are likely to be required following reunification.

The problem for BPB shareholders considering whether to take up the rights issue offer is that there are no signs of price competition slackening. Turner insists that his competitors "are walking under water" and probably losing money. Prices therefore "must be approaching the bottom," he says.

Attempts by BPB to put up the price of plasterboard in the UK in March, however, failed to stick – although it says prices of other plaster products have benefited.

The arrival of Knauf and Lafarge in the UK has led to over-capacity as new plants have been built. The three manufacturers have the capacity to manufacture up to 270m sq metres of plasterboard compared with UK sales of about 165m sq metres last year.

BPB says some of this spare capacity has been mothballed – even so it seems likely to continue to act as a drag on the market for sometime. Moreover, commercial property development, which traditionally has accounted for about a third of UK plasterboard sales, is expected to remain in the doldrums when housebuilding picks up.

Prospects might look better if the three big players were to realise that intense price competition was damaging them equally. The UK cement industry, which is similarly dominated by just three manufacturers, has managed to increase its prices this year – in spite of a 12 per cent fall in volume sales in 1990. Plasterboard sales over the same period fell 15 per cent, says BPB.

Although the company has seen its UK market share fall from almost 100 per cent in 1987 to 65 per cent now, it is one of only a handful of British companies which can boast market leadership in Europe – two others Redland in roof tiles and RMC in concrete are also building material makers.

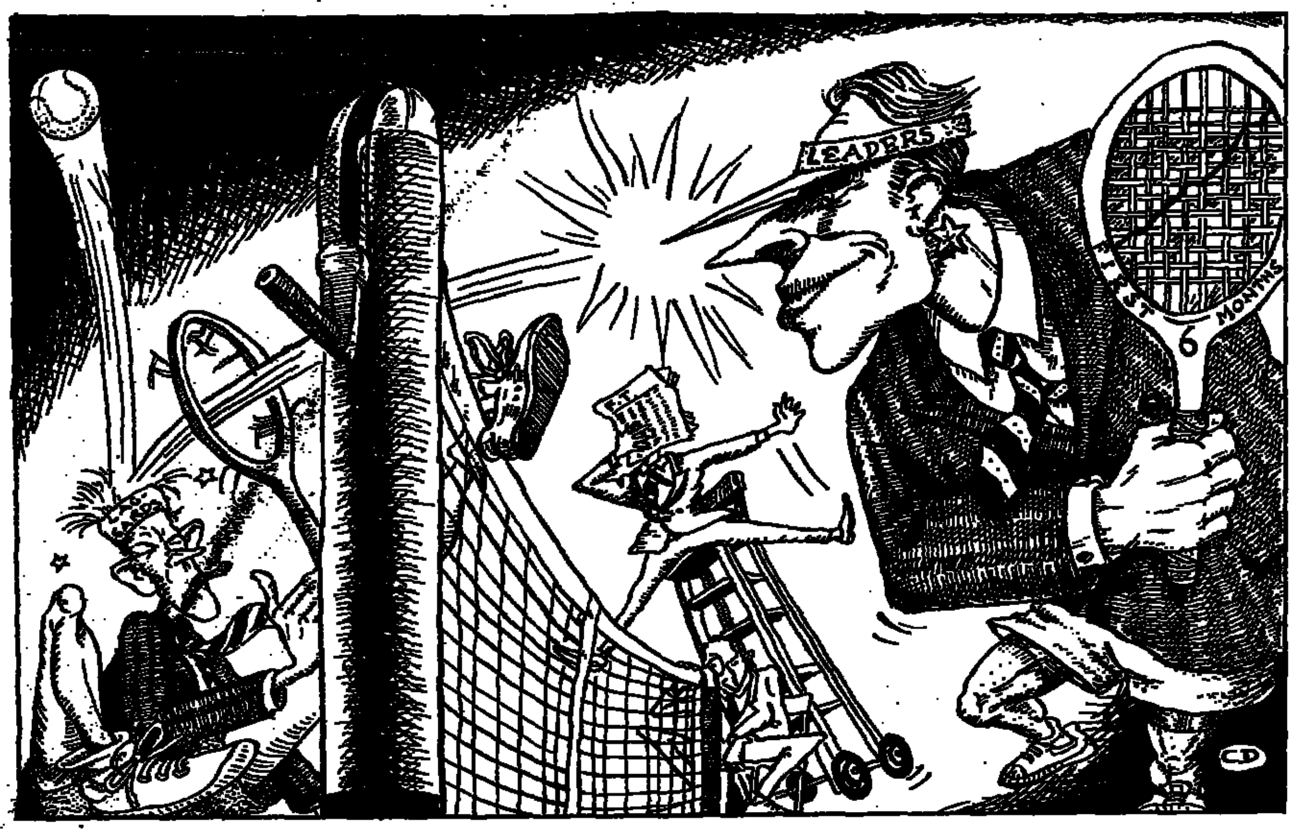
For BPB, though, it is unlikely that margins will ever return to the high levels when the group enjoyed a UK monopoly.

Andrew Taylor

FINANCE AND THE FAMILY

Game, set and match to Wellcome

***Philip Coggan** and **John Authers** identify the market leaders and laggards at the mid-point of 1990*



STOCK MARKET investors were at last able to enjoy profits during the first six months of this year, following a dismal 1990.

Relief over the Allied victory in the Gulf War helped markets rise worldwide. Hopes that the economies of the UK and the US would recover sharply from the recession also lifted share prices. Institutional investors also switched from cash to equities as interest rates fell. The cumulative effect was a rise in the FT-A All Share Index of 14 per cent, and the FT-SE 100 14.4 per cent, in the period to June 27.

An all-time high of 2,545 was reached for the FT-SE 100 in April, although in inflation-adjusted terms the market still lags behind the peak of summer 1987.

Private investors still needed to pick and choose if they wanted profits. Many companies found that the depth of the recession, and the size of their interest payments, overwhelmed profits. Rights issues came thick and fast as company chairmen sought to strengthen balance sheets while share prices were strong.

The best performing FT Actuaries sector was health and household (the quaint name for the pharmaceuticals industry) which rose 36.1 per cent. During recessions, pharmaceuticals are safe "defensive stocks", as people do not stop falling ill. The big stocks in the sector are international, and heavily invested in the dollar, which did very well in the early part of the year, further reducing risk.

The top three Footsie stocks came from this sector – in order, Wellcome, Glaxo, ICI.

Wellcome was helped by positive research findings which suggested that Retrovir, its AIDS drug, could be used more widely and was further ahead of the competition than had been thought. The company's profits were 10 per cent up on 1990 (ahead of market sentiment) which inspired enough positive comments from brokers to allow it to outperform Glaxo, by 49.89 per cent compared with 48.58 per cent.

Rumours about a Hanson bid for ICI may not have been well-received by the company's management but did no harm to the share price.

Fourth was Tate & Lyle, which also announced profits better than forecast. It is also bidding for Bundaberg, the Australian sugar group.

The worst performing Footsie stock to date this year is the Asda Group, down 18.49 per cent, which saw further erosion of its position compared with the other big retailers, such as Tesco and J Sainsbury. Earlier this month the group jettisoned its chairman, and the chief executive of its stores division, after institutional pressure. The City remains bearish about the group's prospects and speculation is rife that a rights issue is forthcoming.

Small oil exploration companies feature strongly in the laggards list – LASMO shed 9.81 per cent, Ultramar 12.04 per cent, and Enterprise Oil 15.49 per cent. Anybody who watched the news during February should be able to fathom part of the reason for their underperformance. Their prices had discounted an oil supply "spike" in the event that the war stopped supplies from Kuwait and Iraq, and moved down when worst fears went unrealised.

Enterprise's price was further hit by rumours that Elf Aquitaine may sell its 25 per cent stake in the company.

The biggest gains – and the biggest falls – were among the smaller stocks. A revival in the takeover market brought investors heavy profits in selected shares. Quotient, the software house, finally accepted an offer from computer services group ACT, after rejecting earlier approaches in 1983 and 1988. At 200p, the bid was good news for those who bought Quotient shares on January 1, when the price was 54p.

Airtours enjoyed a rebound as the end of the Gulf War calmed fears of a downturn in the holiday industry, and the collapse of International Leisure Group strengthened the company's competitive position. Having dropped to 109p after the invasion of Kuwait Airtours shares have now soared above 450p.

Era Group is no stranger to the leaders list. As Times Veneer, it was one of the best performing shares of 1985, rising 251 per cent. In the intervening six years, however, the company had had more than its fair share of travails. In 1987, a new management team acquired a reproduction furniture company called Lexterten for £10.9m; three years later, after many losses, it was sold to a management buyout team for just £1. This year's share price jump follows the company's return to profits.

Any list of losers based on shares still trading omits those companies that went into administration and receivership in the first half of 1991.

Many of those that called in the corporate undertakers came from the property sector, the only FT sector to record a fall in the first half of the year. The combination of high interest rates and the oversupply of offices, particularly in central London, led to a slump in property prices.

MEPC was the tenth worst FT-SE stock and the sector's walking wounded feature prominently in the worst performing smaller companies list.

Merchant Manufactory Estate Company has two classes of share in the bottom ten. This year, MMEC declared that it could not meet its April debt payments; since then the shares have been suspended and the group has proposed appointing liquidators to two subsidiaries.

There are two more property groups in the bottom ten, Embassy and Dunton.

Shareholders in one or two of the losers will have had feelings of *deja vu*. Clearmark, the plastic football and toys group, plunged into loss and was forced into a rights issue this year. In 1985, when it was known as Fergabrook, similar problems caused its shares to fall by 74 per cent during the year.

Acsis, a former jewellery group, which did not perform quite badly enough to feature in the bottom ten, was one of the best performing shares before the Crash of 1987. Shareholders who failed to sell out in time saw their holdings fall 59.4 per cent in the first half of this year – and that follows a 90.4 per cent decline in 1990.

BEST PERFORMING FT-SE STOCKS

	% growth
Wellcome	49.9
Glaxo	48.6
ICI	44.7
Tate & Lyle	36.9
Maxwell Comm	35.1
Fisons	32.8
Rothmans Intl "B"	31.4
Wiggins Appleton	30.2
BICC	29.0
Guinness	27.3

Source: Datastream

WORST PERFORMING FT-SE STOCKS

	% fall
Asda	-18.5
Enterprise Oil	-15.5
Pilkington	-13.2
Hillsdown Hldg	-13.1
Sears	-12.9
Ultramar	-12.1
Tarmac	-10.9
Bass	-10.6
Lasmo	-9.8
MEPC	-7.9

Source: Datastream

BEST PERFORMING SMALL STOCKS

	% growth
Quotient	275.9
Prospect Ind	168.8
Interlink	168.2
Airtours	166.5
Shoprite	156.4
Era Group	154.6
Hi-Tec	144.6
Sanderson, Murray	140.9
Flagstone	133.3
Misys	129.3

Source: Datastream

WORST PERFORMING SMALL STOCKS

	% fall
MMEC "A"	-85.7
Broad Street	-84.9
Clearmark	-84.9
Novalal	-84.8
Geevor	-83.8
Dunton	-83.3
Wyndham	-82.8
MMEC	-81.3
Courtney Pope	-78.1
Embassy Prop	-77.8

Source: Datastream

SIB approves risky funds

FOUR NEW types of unit trust may be on sale from September after the Securities and Investment Board issued new regulations this week.

By far the most controversial are the Geared Futures and Options Funds (GFOFs), where 20 per cent of the portfolio can be invested in these so-called *derivative* instruments. These could be extremely risky.

The nature of derivatives is that the buyer initially puts up only a small proportion of the contract's value – a "margin" in the case of a future and a "premium" in the case of an option. (A future is a commitment to buy or sell a product at a subsequent date; an option gives the buyer the right, but not the obligation, to buy or sell an instrument).

So although only 20 per cent of these funds will be spent on margins and premiums, the potential exposure will be much larger. If the fund invested the full 20 per cent in the FT-SE future, it has been estimated that a 15 per cent fall in the market could wipe out a GFOF's whole value.

Criticism of SIB for authorising these funds has been partly disarmed by the tight rules on their marketing. Advertising for GFOFs will need to carry a clear warning that the whole of the investor's initial stake could be lost. Cold calling of these funds will not be allowed except to customers where the company has an established relationship with a client as an investment manager.

In spite of the worries about the risks, some managers believe these funds can offer enhanced returns for investors. The Prudential is expected to be one of the first to offer a GFOF.

A Futures and Options Fund, or FOF, is a less risky version of the same idea. Only 10 per cent of these funds can be invested in derivatives; the aim will be to hedge the rest of the portfolio. If the manager is successful, the result should be a less risky, but less rewarding, type of unit trust.

However, these funds are most likely to prove popular if the SIB can agree with managers on ways for producing a guarantee for investors. Such a guarantee might be a form of a 90-10 fund, in which 90 per cent is invested in fixed rate instruments which would grow to pay the investor's money back. The remainder would be invested in futures and options with the hope of a profit.

However, such guarantees are not feasible with a conventional unit trust structure and some new form of fund needs to be devised.

The third new species of trust is a warrants fund. These trusts, as the name implies, can invest 100 per cent of their portfolios in warrants, which give the buyer the right to buy a security at a particular price.

Warrants are highly geared instruments – their prices rise and fall far more sharply than the underlying security on which they are based. For example, a warrant to buy a BT share at 300p might sell for 10p if the BT price was 310p. If the BT price rose to 320p, a 3 per cent increase, the warrant price would double. If the BT price fell to 200p – a 35 per cent drop – the warrant would become virtually worthless.

For this reason, warrant funds will be risky and the marketing restrictions will be the same as apply to GFOFs.

Property unit trusts, the fourth new species, will be allowed to invest 80 per cent of their value in land and buildings, or in the shares of property companies. The risk with these funds is that property is inherently illiquid and will be difficult to sell to meet the needs of investors who want to redeem their holdings.

For this reason, funds will be allowed to hold up to 35 per cent of their portfolios in government and other securities so that managers will have the liquidity to meet redemptions. If liquidity becomes a problem, however, managers will also be allowed to suspend redemption rights; a danger which will have to be spelt out clearly.

All of these new types of funds have their pitfalls and investors should be careful. However, the corollary is that some high rewards may be achieved; some may consider them worth a gamble provided they invest only a small proportion of their portfolio.

Philip Coggan

The Labour Party's tax gauntlet

THE LABOUR Party threw down the gauntlet to "wealthy investors and their very clever accountants" when Margaret Beckett, the Shadow Chief Secretary to the Treasury, disclosed more details of the party's tax plans.

But tax experts warned that Labour's proposal to create a differential income and capital gain tax rates could force investors into artificial tax avoidance schemes.

Furthermore, a substantial increase in the rate of Capital Gains Tax (CGT) would discriminate against the reinvestment of assets held by individuals in favour of those held by institutional funds, a leading practitioner said.

In the wake of the government attack on Labour's spending commitments, Beckett stressed her party's pledges were limited to increasing the basic state pension by £5 for individuals and £8 for married couples and raising child benefit to £9.55 per child.

Beckett said: "These commitments will be funded by two policies for immediate implementation. First, we will increase the top rate of taxation to 50 per cent. Second, we will abolish the Upper Earnings Limit on national insurance contributions which means that 12 to 13 per cent of taxpayers will have to pay an extra 9 per cent on any earned income above £20,300, the current national insurance threshold for employees."

This gives an effective top rate of taxation on earned income of 59 per cent. Labour has not published an official figure for the level of earnings at which its top rate will bite but sources indicated this is likely to be in the order of £30,000 to £40,000 per annum.

Beckett added: "We intend to create a level playing field between earned income which is subject to national insurance and unearned income which is not.

"To do this we will introduce an investment income surcharge of 9 per cent – the top rate of national insurance. There will be a threshold of £3,000 which means that only those with savings of £30,000 or more will be hit. The surcharge will not apply to pensioners."

But the level playing field in the taxation of earned and unearned income does not extend to Capital Gains Tax. The current annual threshold for CGT is £5,500 per individual with excess gains taxed at the investor's top rate of income tax.

Challenging: Beckett

Labour is considering a proposal to slash the CGT exemption to a "modest exemption for small savers". Sources indicate this may be as low as £1,000. Gains in excess of this are likely to be taxed at 50 per cent – Labour's top rate of income tax. Owner-occupied housing would remain exempt.

Beckett said: "In principle we would like to align the rate of CGT with income tax. But the whole issue of CGT is complex and still under review."

However, Beckett stressed that the investment income surcharge of 9 per cent would not be applied to capital gains. This would result in a 9 per cent differential between the top rate of income tax at 59 per cent and the top rate of CGT at 50 per cent.

Mike Chapman, technical director at Skandia Life Assurance Holdings Group, warned that the differential would distort investment decisions by encouraging people to aim for capital gains rather than income.

Chapman said: "The indexation allowance that applies to capital gains combined with a lower rate of CGT compared with income tax means it would be considerably beneficial to take profit as capital gains rather than as income.

"The high rate of CGT combined with a low threshold also could create a distortion between direct and indirect equity investment in favour of institutional funds such as pension funds and qualifying unit and investment trusts which are exempt from CGT on reinvestment of assets."

Jill Pagan, of international tax consultants J F Chown, said: "50 per cent is too much to pay every time you sell an asset to reinvest. This discriminates unfairly between individually held investments and those held by institutional funds."

Tax planners will find life under Labour quite a challenge. The Shadow Treasury is determined to increase gift and inheritance tax and to limit the aggregated tax reliefs an individual can claim. To this end it may require a minimum of proportion of income to be paid as tax irrespective of tax relief.

Beckett warned: "What we want to prevent is the current situation where very wealthy individuals with very good accountants take advantage of every tax relief and tax loophole possible to reduce their tax bills to virtually nothing."

Meanwhile the shadow social security team is examining proposals on the costs of buying pension and investment products.

Michael Meacher, shadow social security secretary, said he was taking a hard look at the high levels of commission paid by some life offices to tied agents and independent advisers on sales of pensions. Typically more than 60 per cent of the first year's premium is paid in commission on a regular premium 25-year pension plan. Tied agents – and most top banks and building societies fall into this category – generally make more.

Meacher's research may lead to the reimposition of a Maximum Commissions Agreement (MCA) on all sales outlets. He said: "We would consider two options. We could regulate across the board to set a fixed level of commission that would apply to independent advisers and to tied agents or direct salesmen.

"Alternatively we could force all providers to explain automatically to people exactly how much of their payments are going in commissions and about any other form of front end management charges."

Tokyo traumas unsettle investors

CONFIDENCE IN the Japanese stock market has been shaken this week by revelations of wrongdoings among leading Japanese securities companies.

Some have admitted compensating favoured clients for losses, and there are indications that a large broker may have generated activity in a particular stock for the benefit of a select few investors.

Investors in Japan and abroad must now be asking whether it is worth investing in a market in which they are at the mercy of the machinations of the Japanese securities companies.

The immediate effect is that the Tokyo market is unlikely to see a full recovery in trading volume for some time. Brokers fear that there will be a marked decline in activity by private investors, who have long been a pillar of the market.

"For historical reasons the emphasis of Japanese securities firms has traditionally been on retail customers," says Kunihiko Tanaka at Nikko Securities (Europe).

Japanese brokers have been able to build up high levels of private client interest through the retail networks they have built up over the years. Nomura Securities alone maintains 150 retail outlets throughout Japan manned by 2,900 domestic salesmen. In addition it has 1,700 highly-trained saleswomen in its stock shops throughout the country.

Nomura also has a door-to-door salesforce of 3,000 women known as "Midi-san" who sell government bonds and investment trusts to housewives. This impressive retail network has paid off handsomely: Nomura now has some 5m to 6m private clients.

The concerted effort of the Japanese brokers to support shares and increase activity when trading was slow has helped the Tokyo market maintain its impressive buoyancy in the past. The danger for the market is that in trying to wipe out practices which played an important role in keeping it going, the entire system could unravel.

Brokers in Japan believe that that is exactly what lies in store. "Investors bought Japanese equities because they believed in the resilience of the market," says Takeshi Murakami, general manager of Schroder Securities in Tokyo. "Now it is time for them to reconsider that confidence."

Large institutional funds are pulling out of the market while investors generally will continue to sell. This is a trend that cannot be stopped, according to Murakami. However, he points out that "that doesn't mean 80 per cent of the Tokyo market is a sell."

On the positive side, by drawing investors' attention to the dangers of following the advice of brokers too faithfully, the latest events should help squash the type of speculative activity that pushed shares up for the brokers' own reasons – which often had little to do with fundamentals.

The changes that the Tokyo market is going through will call for a more selective approach to stock investment. The theme-driven buying sprees that saw shares in specific market sectors surge on "corporate dream" scenarios no longer have a place.

"There will be more of an emphasis on stock picking, based on research on each company's performance and prospects," according to Murakami. In that respect there is room for good returns from smaller capitalisation growth stocks, he says.

As the market continues to be shaken by scandal, the consensus is that Tokyo will become a long-term play for those who favour a fundamental approach.

Michiyo Nakamoto

A Disney production

MINNIE MOUSE may be the kind of girl who longs for a convertible, but it is more likely to be the kind with four wheels than the piece of paper which Euro Disney has issued.

Private investors in Euro Disney, the European version of Disneyland being built near Paris, are entitled to priority subscription rights for the recently launched convertible bond issue. The bond will pay them interest and can be converted, after a certain date, into ordinary shares.

Euro Disney is issuing FFr3.97bn (around £400m) worth of convertibles to help finance the construction of a second theme park and 3,400 hotel rooms. The bonds have a coupon of 6¾ per cent, payable annually on October 1, and are redeemable in 2001. However, investors will hope that, before then, they can convert the bonds at a profit.

The bonds are issued at a price of FFr140 and can be converted into one share per bond from April 12 1992.

Investors who keep the bonds until redemption will receive 110 per cent of the principal – FFr154 per bond. That will be a yield to maturity, before the deduction of withholding tax, of 7.43 per cent.

The priority subscription rights apply both to ordinary shareholders and to UK investors who hold depositary receipts (DRs). Investors are entitled to subscribe for one convertible bond for every six shares or DRs held. If you hold DRs, you can subscribe for the convertible bonds either in sterling – at a price of £15 per bond – or in French Francs.

However, before you rush to take up your rights before the closing date of July 3, you should check the price of the convertible bonds in the market with your stockbroker. They have recently been trading at a bid-offer spread of FFr137.5 – FFr138.5 which means that you can buy them more cheaply in the market than by taking up your rights.

Private client advisers consider the yield of 7.43 per cent to be "quite attractive" and believe that it might appeal to investors looking for income. Euro Disney shares are currently trading at about FFr116, giving a conversion premium of about 20 per cent. The company is regarded as a fairly risky investment.

If you want further information, you should apply for a prospectus from S.G. Warburg Securities, the lead manager for the international offering, at 1 Finsbury Avenue, London, EC2M 2PA.

Sara Webb

Pensions: long wait likely for equality

PROSPECTIVE pensioners should not get too excited about this week's statement from Tony Newton, the social security secretary, about the equalisation of pension ages.

State pension age will only be equalised after extensive consultation and discussion. Nothing is likely to happen before the general election, and if Labour wins the process of review may start again.

It is very unlikely that the state pension age will be equalised at 60 as the costs would be too great. The most likely option, believes Ian Hammond, director and actuary of GM Benefit Consultants, is a "decade of retirement", with both men and women able to retire at any time between 60 and 70, with benefits offered on a sliding scale.

On occupational pensions, the government has accepted the pension industry line. In May 1990 the European Court decided, in the case of Barber v GRE, that there should be no discrimination in the area of pensions on grounds of sex.

What has yet to be clarified is whether the judgment applies only to pensions accrued after May 1990, or retrospectively. The government has accepted the pensions industry line that the costs of retrospection – some £40bn to £50bn – are too high. However, it will be the European Court that eventually decides.

The bad news for pensioners is that the potential costs of the Barber judgment have caused the government to postpone the so-called Appointed Day under the Social Security Act 1990. After Appointed Day, all pensions would have been indexed at 5 per cent or the rate of inflation, whichever was the lower. Now, according to Hammond, limited indexation is unlikely to occur for some time.

Philip Coggan

The Week Ahead

Steel yourself

BRITISH STEEL is due to present a gloomy set of results on Monday, reflecting its rapidly falling markets and intense competitive pressures.

Analysts are looking for pre-tax profits for the year ended March of around £250m against £733m a year ago. As recently as January they had hoped for profits nearer £500m but the second half has been downhill all the way. The trading profit for the period should be about £80m against £320m for the previous second half, while full year trading profits will be around £310m against £708m.

Also on Monday, PowerGen, the smaller of the two electricity companies, is expected report pre-tax profits, on a pro forma basis, at below £275m against a prospectus forecast of £264m. The dividend recommendation is likely to be the same as the prospectus forecast of 5.55p.

One relatively safe prediction can be made about Monday's annual results from Dowty, the recession-hit aerospace and information technology group – pre-tax profits look like falling by a quarter from the £85.4m reported in 1990.

Among others reporting this week, General Electric on Tuesday is expected to report a slip in pre-tax profits for the year ended March of some 5 per cent to £830m from £872m a year earlier.

Scottish and Newcastle, the brewer, is expected to turn in an increase in pre-tax profits for the year ended April approaching 20 per cent, to about £220m.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated					
API	114	109	97	23.83	MMC
Brompton Hldgs.‡	65*§	63	53	11.75	Adia
Butler Cox	245*	242	131	14.30	CSC
Davy Corp	95*♦	81	62	114.02	Trafalgar House
Etam	185*§	184	180	87.2	Oceana Inv. Corp
Flexello C.& W.	130*	125	104	4.30	Nanain
Goring Kerr	209	198	189	7.76♦	Cambridge El Ind
Kingsgrange	26*	29	25	8.45	Maiahard 374
Mccarthy	205½	228	168	58.11	Grampian Hldgs.
Magnetic Mater'ls	54*§	56	43	9.90	TT Group
Radio City A	385*	380	285	10.01	EMAP
SD-Scicon	45*	50½	43	90.87	Elect.Data Syst.
TACE	237½	222	203	23.19	Cambridge El Ind
TMD Advtng.	330††	325	247	29.39	Aegis Grp.
Tottenham Hotspur	75*§	91†	91†	7.64	Venables/Sugar

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30pm prices 28/6/91. †At suspension. §§Shares and Cash ♦ For 48.9%. ♦ 50p now + 45p if conversion of Ocean Emerald rig into an oil platform is completed.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Allen	Mar	5,250	(4,860)	15.5	(15.4)	4.9	(4.8)
Amber Industrial	Mar	2,400	(2,280)	38.3	(39.6)	16.5	(16.0)
Berkeley Group	Apr	165	(204)	0.3	(0.3)	4.5	(4.5)
Birmingham Int'l Air.	Mar	8,460	(8,460)	-	(-)	-	(-)
BPB Industries	Mar	90,800	(128,400)	15.5	(22.1)	11.25	(11.25)
Bristol Evening Post	Mar	4,770	(7,940)	13.54	(20.7)	11.5	(11.5)
Bromsgrove Inds.	Mar	8,850	(7,900)	14.8	(14.2)	3.9	(3.6)
Buign (AF) & Co.	Jan	505 L	(356)	-	(0.95)	0.1	(0.2)
Caledonia Invest.	Mar	35,300	(35,300)	28.0	(25.9)	13.5	(12.0)
Camellia Invest.	Dec	20,410	(27,300)	128.7	(268.9)	25.0	(23.0)
Channel Tunnel Inv.	Dec	806	(889)	0.04	(0.06)	-	(-)
Chartwell Group	Mar	1,010	(1,000)	11.6	(12.9)	0.75	(-)
Cost: Stationery	Mar	1,280	(2,300)	5.13	(8.89)	4.0	(4.0)
Courts (Furnishers)	Mar	9,050	(7,950)	23.8	(20.9)	5.0	(6.0)
Danka Business	Mar	9,350	(6,480)	23.1	(20.7)	3.0	(2.4)
Dares Estates	Dec	30,500 L	(9,100)	-	(2.1)	0.25	(1.5)
Debenham Tewson	Apr	4,080	(9,300)	7.57	(18.96)	8.0	(7.7)
Durham (DG)	Dec	785	(1,100)	4.0	(5.2)	2.0	(2.0)
Eastbourne Water	Mar	2,340♣	(802)	-	(-)	-	(-)
ERF Holdings	Mar	4,470 L	(3,270)	-	(22.6)	5.0	(10.9)
Elonbrook Properties	Mar	1,630	(1,740 L)	34.2	(-)	2.75	(-)
Fletcher King	Apr	525	(2,120)	4.0	(15.8)	2.3	(9.0)
Greycoat	Mar	38,500 L	(20,400)	-	(24.8)	5.2	(5.2)
Hadleigh Industries	Mar	1,810	(2,040)	17.8	(20.7)	6.5	(6.0)
Halma	Mar	13,280	(14,140)	9.08	(9.74)	2.34	(1.84)
Hanover Druce	Feb	5,280 L	(2,750 L)	-	(-)	-	(-)
Hardy Oil & Gas	Mar	10,140†	(8,440†)	16.7	(10.2)	-	(-)
Hobson	Mar	270 L	(485 L)	-	(-)	-	(-)
Hogg Robinson	Mar	8,160	(10,410)	7.4	(9.07)	5.55	(5.3)
Illingworth Morris	Mar	4,290	(9,040)	8.9	(15.7)	-	(-)
I&S Optimum Income	May	2,990	(1,439)	7.54	(3.5)	7.0	(3.28)
Jones & Shipman #	Mar	960 L	(2,070)	-	(10.4)	1.0	(6.0)
Kewill Systems	Mar	3,700	(2,700)	31.2	(27.1)	5.0	(4.5)
Latham (James)	Mar	251 L	(2,430)	-	(29.1)	6.5	(11.2)
Lees (John) J	Mar	407	(310)	4.05	(3.17)	2.0	(2.0)
London Electricity	Mar	141,800	(-)	48.3	(-)	10.45	(-)
Marylebone Estates	Dec	6,920 L	(4,040)	-	(5.36)	-	(3.0)
Microvitec Group	Mar	1,850	(2,100)	9.32	(12.1)	4.15	(4.0)
Mid-Sussex Water	Mar	2,370	(936)	-	(-)	-	(-)
National Power	Mar	479,000	(178,000)	25.9	(23.5)	5.5	(-)
Northumbrian Fine	Mar	264	(279 L)	0.51	(-)	1.75	(1.5)
Northumbrian Water	Mar	48,900	(54,800)	65.3	(78.3)	18.6	(10.7)
Norweb	Mar	70,300	(75,800)	20.8	(-)	10.94	(-)
NSM	Mar	3,770	(28,200)	0.84	(9.75)	0.5	(3.5)
Optometrics Corp.$	Mar	136 L	(330)	-	(2.0)	-	(-)
Pieton Int'l.	Mar	484 L	(408)	-	(5.7)	-	(-)
Rothmans Int'l.	Mar	542,500	(484,500)	78.5	(84.4)	18.5	(15.4)
Scantronic Holdings	Mar	3,200	(6,500)	3.83	(11.9)	2.87	(2.9)
Scottish Power	Mar	145,000	(-)	13.1	(-)	-	(-)
Shelton (Martin)	Mar	344	(511)	5.03	(6.54)	1.75	(2.5)
Sims Food Group	Mar	8,220	(8,070)	23.0	(22.5)	10.2	(9.8)
Southern Electric	Mar	139,600	(-)	31.65	(-)	10.12	(-)
Southern Water	Mar	97,100	(84,100)	53.4	(46.4)	17.7	(10.02)
Sterling Industries	Mar	4,070	(3,140)	9.02	(7.84)	5.8	(5.0)
Tams (John)	Mar	2,880	(2,520)	8.34	(8.28)	4.0	(3.78)
Tex Holdings	Mar	522 L	(1,730)	-	(19.6)	-	(10.5)
TGI	Mar	820 L	(101 L)	-	(-)	2.2	(6.2)
United Industries	Apr	785 L	(2,380)	-	(5.06)	1.0	(3.0)
Vistec Group	Apr	1,780	(1,590)	0.95	(0.92)	0.2	(0.1)
Wagon Industrial	Mar	21,520	(20,430)	38.9	(35.4)	17.0	(16.0)
Westport Group	Apr	1,080 L	(2,080)	-	(1.3)	-	(0.6)
Wessex Water	Mar	66,000	(-)	58.4	(-)	17.7	(15.2)
West Kent Water	Mar	538	(395 L)	-	(-)	-	(-)
Wilshaw	Mar	732	(1,870)	0.61	(1.39)	0.3	(0.35)
Wood (Graham)	Mar	821	(1,750)	17.8	(35.9)	5.5	(8.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Airtours	Mar	3,690 L	(7,950 L)	2.0	(1.5)
Ankell Assoc.	Mar	740	(947)	1.25	(1.5)
Beckenham Group	Apr	748	(2,860)	0.5	(1.5)
Brunner Invest.	May	1,670†	(1,680†)	2.2	(2.0)
Davenport Vernon	Mar	547	(1,100)	1.5	(1.5)
EFG	Mar	2,070 L	(495)	-	(1.25)
Gestetner Holdings	Apr	21,700	(21,500)	1.8	(1.7)
Grainger Trust	Mar	1,230	(2,780)	1.2	(1.2)
Greenwich Res.	Mar	66 L†	(935 L†)	-	(-)
Hardys & Hansons	Mar	3,450	(2,940)	13.4	(11.2)
Lee (Arthur) & Sons	Mar	323	(2,720)	1.65	(1.65)
Lonrho	Mar	109,000	(110,000)	5.0‡	(5.0‡)
Merlin Int'l.	Dec	7,060 L	(5,500 L)	-	(-)
Murray Enterprise	Mar	268†	(66 L†)	-	(-)
Polar	Mar	482	(601)	2.0	(2.0)
Soundtracs	Apr	195	(375)	0.85	(0.85)
Stainless Metal.	Feb	195 L	(256 L)	-	(-)
Sycamore Holdings	Mar	113	(1,740 L)	-	(-)
TSB Group	Apr	150,000 L	(175,000)	3.15	(3.15)
Widney	Mar	406 L	(923 L)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. † Net profits/loss. $ Figures quoted in US dollars & cents. # Last years figures for 15 months. ‡ 2nd interim dividend. ♣ Figures for 15 months.

RIGHTS ISSUES

BPB Industries is to raise £125.6m via a 1-for-5 rights issue at 155p.
Countryside Properties is to raise £20.5m via a 2-for-3 rights issue at 88p.
English & Overseas Properties is to raise £4.95m via a 3-for-1 rights issue at 30p.
Ex-Lands is to raise £4.85m via a 1-for-3 rights issue at 31p.
Flextech is to raise £8.8m via a 2-for-7 rights issue at 100p.
Marylebone Estates is to raise £9.9m via a 4-for-5 rights issue.
Morland & Co. is to raise £10.8m via a 1-for-4 rights issue at 265p.
Trafalgar House is to raise £310m via a one-for-three rights issue at 190p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Eurocamp will be offered for sale to the public at 255p, valuing the company at £58.9m.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Abtrust New Dawn Invest Tst	Monday	-	0.5	-
Assoc. British Engineering	Monday	-	0.1	-
Baker Harris Saunders Group	Wednesday	2.25	2.25	1.0
Boscombe Property	Thursday	25.0	-	40.0
British Steel	Monday	2.75	5.6	3.0
Brown & Tawse Group	Thursday	2.85	6.65	2.85
Burtonwood Brewery	Thursday	0.7	3.28	0.7
Dowty Group	Monday	3.5	5.5	3.6
Druck Holdings	Thursday	2.8	5.6	2.8
Eastern Electricity	Tuesday	-	-	-
Evans of Leeds	Tuesday	1.12	2.27	1.18
Farepak	Tuesday	1.9	4.05	2.3
Fuller Smith & Turner	Friday	1.88	3.84	2.1
GEC	Tuesday	2.55	6.7	2.56
Gold Greenlees Trott	Thursday	3.3	5.0	3.3
Hollas Group	Wednesday	1.6	1.6	0.6
In Shops	Monday	0.6	1.44	0.65
Ivory & Sime	Thursday	1.25	4.5	1.25
Lister & Co.	Monday	1.0	1.0	-
Markheath Securities	Thursday	2.0	4.0	2.0
Marling Industries	Monday	1.3	2.9	1.3
Menzies (John)	Friday	3.25	5.75	3.4
Midlands Electricity	Wednesday	-	-	-
MS International	Thursday	1.0	3.16	1.0
Northern Electric	Thursday	-	-	-
Powergen	Monday	-	-	-
Quillgotti	Friday	0.76	1.44	0.76
Save & Prosper Return Assets	Wednesday	2.47	3.78	2.97
Scottish Hydro-Electric	Thursday	-	-	-
Scottish & Newcastle	Monday	4.42	8.58	5.1
Seaboard	Wednesday	-	-	-
South Western Electricity	Monday	-	-	-
Stirling Group	Thursday	0.5	1.0	0.5
Tiphook	Friday	2.7	6.5	3.5
Umeco	Thursday	1.57	2.24	1.65
Vardy (Reg)	Monday	-	2.4	1.2
Walker & Staff Holdings	Tuesday	-	3.0	-
Yorkshire Electricity Group	Monday	-	-	-
INTERIM DIVIDENDS				
Aberforth Smaller Co's Tst.	Friday	-	-	-
City Site Estates	Friday	0.96	0.95	-
Colorvision	Tuesday	2.5	3.1	-
Crest Nicholson	Tuesday	3.0	4.85	-
Dewhurst	Thursday	0.8	1.1	-
East German Investment Trust	Friday	-	-	-
First National Finance Corp.	Monday	4.5	8.5	-
Granada Group	Wednesday	4.4	7.9	2.5
Hambro Euro & Money Market	Monday	-	-	-
M&W	Friday	-	1.0	-
Newman Tonks Group	Wednesday	3.8	5.5	-
Partridge Fine Arts	Wednesday	2.0	1.65	-
Prospect Industries	Monday	0.1	0.1	-
Securicor Group	Thursday	0.61	1.5	-
Security Services	Thursday	1.29	2.78	-
Southern Business Group	Wednesday	0.94	1.62	-
Teredo Petroleum	Monday	-	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

FINANCE AND THE FAMILY

The Smart Saver

Routes to serious riches

John Authers on the choices for those investing £200 a month

SAVING £200 a month is a lucrative proposition.

Put it in a piggy bank on January 1 and you could have £2,400 by the end of the year. Put it in a Personal Equity Plan and you have every reason to hope it will do considerably better, if you look to the long-term.

Saving schemes in PEPs investing in direct equities are available but the best option for savers is likely to be a PEP investing in unit trusts. They are available from 42 operators, according to the latest edition of the Chase De Vere PEP Guide. When saving smaller sums, PEP charges disqualify them as a useful savings medium, but with £200 there is little problem.

By using a PEP you are exempted from paying capital gains tax, while your income is free from tax and can be reinvested tax-free. Had they existed 25 years ago, according to the Unit Trust Association, £1,000 in a typical UK Equity Income trust would now be worth £36,168. Outside the PEP, it would be worth only £20,081.

Trusts spread risk simply. Some schemes allow you to be adventurous, by holding more than one unit trust in the same PEP. This way, you make your own modest stab at portfolio management, although Robin Bloor of Chase De Vere warns that charges on these schemes make them bad value.

Investment trust PEPs tend to have lower charges – look particularly at those offered by Dunedin and Ivory & Sime, says Chase De Vere – and have better long-term performance, as the tables show. At £200 per month, all the investment trust PEP saving schemes are open to you.

Another advantage of these schemes, as explained last week, is "pound-cost averaging", which means that when the price drops, your savings buy more units. As Peter Hargreaves, of Hargreaves Lansdown, puts it: "In theory, unit trust savers ought to cheer every time the market goes down!", though this of course is only true if the market rises over the long term.

Comparative figures are difficult to compile, as not all companies have always offered savings schemes. The tables, compiled by Micropal, do show how much value can accumulate in a unit or investment trust holding on the assumption that units have been bought at a steady price, one month at a time. (Not all the trusts shown can be bought via savings schemes.)

As to risk, no unit trust would have lost you money over ten years, but some would have been beaten by inflation. Five investment trusts (out of a total of 115) would have been worth less than the money you put into them. Many trusts, of both types, are down over the last five years.

The average return is a fairer evaluation. Over five years, according to Micropal, investment trusts bought as savings have managed 28.69 per cent growth compared with the amount invested, and unit trusts only 14.98 per cent. The median unit trust failed to beat investments in a building society, according to the UTA.

Over ten years, savings schemes look much healthier – unit trusts are worth an average of 95 per cent more than was paid into them, and investment trusts 145 per cent. Both figures comfortably beat building societies.

If you prefer to diversify into international stocks, PEPs are less useful as the top annual limit on such investments is £900. With £200 per month, you might try "picking a winner" by putting £50 of it into an international unit trust as "risk" money. If you fancied Japanese smaller companies five years ago, you would now have cause to feel smug – Schroders' unit trust would be worth 110.5 per cent more than the money you put in. A heavy investment in Australian gold mines, though, might have wiped the smile off your face – Waverley's fund lost 42.37 per cent.

Those averse to risk might be deterred by the fact that the price of collective trusts can go down. An alternative for a part of your saving is a ten-year term with-profits endowment policy, offered by a life office. It might make sense, for example, to put £150 into a PEP and £50 into the endowment.

Your adviser will not be slow to point endowments out to you as the commission paid on them is substantial. They offer a more conservative investment than the trusts because life offices "guarantee" a certain sum, and in practice you can be confident that the office will improve on this. As Hargreaves points out, the policies can register 16 per cent compound growth over ten years, if left until maturity.

The best trusts can, almost as certainly as death and taxes, out-perform the best with-profits policies. But the worst policies beat the worst trusts and offer copper-bottomed guarantees not to lose much.

For example, Pearl, first in this year's *Money Management* magazine survey of ten-year with-profits policies, is currently paying £13,501 to ten-year savers who have deposited £50 per month. This is an uplift of 125 per cent, better than average unit trusts but worse than average investment trusts. The minimum which it guaranteed to pay, in the event of a "doomsday scenario", was £5,475, a loss of 8.75 per cent compared with total premiums.

Charges mean that on £30 premiums, the percentage uplift was slightly inferior – 123.5 per cent. This follows a bonus cut. On February 1, when the *Money Management* survey was made, Pearl was paying sums equivalent to 135.41 per cent.

The average £30 ten-year with-profits policy was paying out 104.63 per cent at the time of the survey. The worst performer was Guardian Royal Exchange, which managed a total of 68.52 per cent growth compared with total premiums. This is better than the worst performing unit and investment trusts, but weaker than average trust performance.

Since February, bonuses have been cut by several offices.

The problem with life assurance products is that you need to keep paying, regularly, for ten years to benefit fully. Endowments thus involve an element of risk. If things get worse for you in about five years you can sell unit trusts immediately, with the chance of a profit. If you surrender your endowment policy after five years you will not receive the full value yielded by the money you invested.

Friendly societies, with a maximum investment per month of around £18, offer a less viable option for £200 per month savers. The clumsiness of surrendering the contracts is part of the problem, as Hargreaves points out – in some cases societies will only repay premiums paid on surrender. More important, the weight of costs means you can get better value out of life offices, spreading administration over a wide range of policies, than out of friendly societies for investments of this size.

One obvious option, which few investors should ignore, is to put £200 per month into a Tax-Exempt Special Saver Account (TESSA). The limits on TESSAs mean that you can keep contributing £200 each month for 2 years 9 months (£6,600). You would be allowed to resume payments 3 months later. TESSAs may not do as well as the best PEPs, but if you can keep them going for five years, the combination of tax advantages and safety should be irresistible.

MONTHLY SAVINGS OF £50 OVER TEN YEARS COMPARED

UNIT TRUSTS			INVESTMENT TRUSTS		
Trust Name	Present Value	Growth %	Trust Name	Present Value	Growth %
Key Income	£18686	211.4	Capital Gearing	£32760	445.9
Schroder Tokyo	£18533	208.9	TOR-Inc	£24370	306.1
James Capel Income	£17649	194.1	*Archimedes-Inc*	£22362	273.0
Bishopsgate Progressive	£17505	191.7	Throgmorton Dual-Inc	£22368	272.8
Capability Spec Sits	£17297	188.3	TR City of London Dfd	£22233	270.5
AVERAGE	£11699	94.9	**AVERAGE**	£14767	145.1
Arkwright Recovery	£6374	6.2	CSC	£5236	-12.7
S&P Gold & Exploration	£6315	5.2	Ensign	£4699	-21.7
All Dun Sec Small Cos	£6266	4.4	*London Amer Ventures*	£4184	-30.3
Henderson Global Res	£6177	2.9	Independent	£4157	-30.7
CU Fixed & Convertible	£6155	2.6	Worth	£3240	-46.0

Source: Micropal. £50 invested monthly over ten years to 1.6.91 (total investment £6000). Offer to bid.

Investment trusts rush to cash in

INVESTMENT TRUST managers are rushing to launch new issues as the sector continues its revival.

County Smaller Companies is raising £25m to £35m via an offer-for-subscription of ordinary shares, with warrants attached on a one-for-five basis. The shares are being issued at 100p. Applications are due by July 10 and the minimum investment is £1,000.

The underperformance of smaller companies in 1989 and 1990 is cited unsurprisingly, as evidence that the time is ripe for recovery.

Fleming Emerging Markets is raising £60m to invest in developing countries in Latin America, Asia and the smaller markets in Europe. These markets offer the prospect for faster economic growth than the developed countries, but the liquidity of shares is limited.

The public is being offered 15m shares at 100p each. Warrants are attached on a one-for-five basis. Applications are due by July 10 and the minimum investment is £1,500.

Gartmore Scotland is a split capital trust which is hoping to raise £30m via a placing and offer-for-subscription of income, zero dividend and capital shares. The income shares resemble a temporary annuity in that they will be issued at 100p and redeemed at 1p in 2001. The initial yield will be 15 per cent paid quarterly.

The zero dividend shares will be issued at 100p and redeemed at 292.4p in ten years time, a yield of 11.3 per cent. The capital shares will offer a gross redemption yield of 14.8 per cent if the trust's assets grow at 7.5 per cent a year. The trust will be on offer to the public from July 9.

GT Japanese Emerging Companies is being launched at a time when smaller company stocks on the Tokyo market have subsided after a very good run up to mid-1990. The trust plans to raise £50m via a placing of 10m ordinary shares (at 100p each) plus £40m zero coupon convertible unsecured loan stock. The zeroes are convertible into ordinary shares twice a year on the basis of one ordinary share for each £1 nominal of loan stock. In addition, there are warrants into the ordinary shares.

Kleinwort High Income is a split capital trust with just two classes of shares on offer: ordinary and zero preference. The ordinary will pay dividends quarterly, with a planned initial yield of 10 per cent. The trust's assets will need to grow at 6¼ per cent a year over its seven year life for the ordinaries to be redeemed at their issue price of 100p. The zero dividend preference shares will be issued at 100p and will be repaid at 206.2p per share in 1998, a compound yield of 11 per cent a year. The new trust is aiming to raise a minimum of £17.5m. Applications will close on July 24.

Murray Johnstone Split Capital offers a combination of income, capital and zero preference shares in a fund which will invest mainly in UK blue chips. The income shares will have a starting yield of 14 per cent, payable quarterly, and will be issued at 100p with a redemption price of 50p in 1998.

The capital shares are being issued at 100p, a 37 per cent discount to net asset value, and will offer a gross redemption yield of 13 per cent if the trust's assets grow at 7.5 per cent a year. The zeroes are issued at 102.5p and will be redeemed at 216p in 1998, a return of 11 per cent per year.

Investors can also buy a package of shares which will be traded separately. The trust expects to raise at least £17.5m via an offer for subscription.

Philip Coggan

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Associated Farmers	350,000	175	1
Cable & Wireless	15,000	80	1
Caledonia Inv	70,000	258	1
Elga	150,000	146	1
Ferguson Intl	100,000	257	1
First Leisure	843,846	2,126	1*
Lloyd Thompson	100,000	360	1
Lovell YJ	12,500	19	1
Macfarlane Grp	25,000	44	1
Mowlem	12,000	34	1
Neotronics Tech	10,000	13	1
Record Holdings	50,000	44	1
Regalian	2,267,000	1,927	1
RMC	2,000	13	1
Rolfe & Nolan	250,000	450	1
Royal Insurance	5,000	22	1
Seton Healthcare	372,168	737	5
T & N	14,000	21	1
Vinten	11,554	26	1
PURCHASES			
Associated Farmers	350,000	175	1
Billam (J)	14,000	13	1
Cohen A	3,508	17	2
Copymore	50,000	22	1
London Atlantic	30,000	21	1
Scottish Heritable	201,000	21	1
Value & Income Cvt	25,000	31	2

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 17 - 21 June 1991/1991.

Source: Directus Ltd, Edinburgh

SCOTTISH Heritable Trust, the troubled holding company, has seen two directors buying in recent weeks. One is Sir Ian MacGregor, former chairman of British Steel and the National Coal Board, who is a a non-executive director, the other is Roy Shephard, the recently appointed deputy chairman. The group is seeking to make disposals to satisfy bank demands, and is also looking to recruit a new managing director.

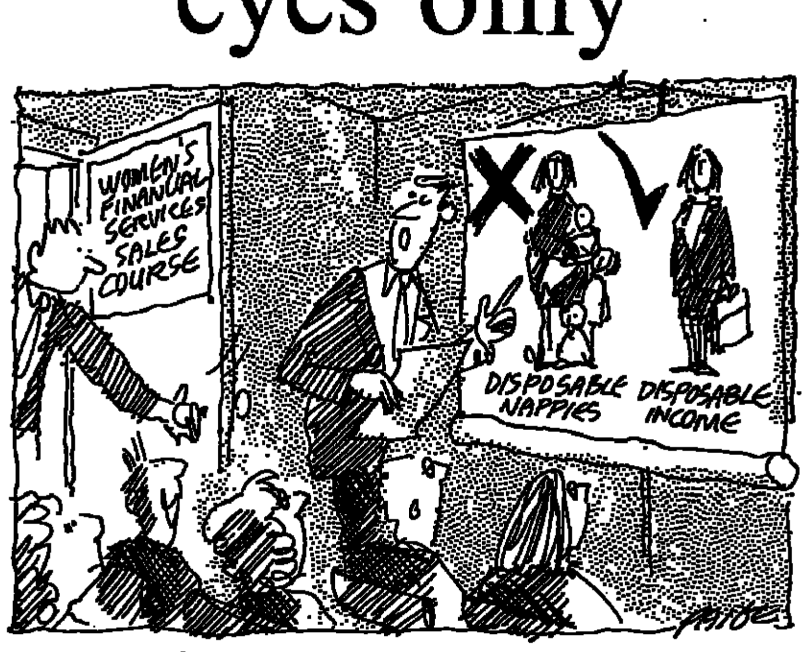
The joint investment directors of Value and Income Trust have been consistent and heavy buyers over the last few months. This purchasing has been seen across the investment trust sector, although in Value and Income both the frequency and size of the transactions stand out.

Part of Lord Delfont's sale in First Leisure was option related, although the bulk was a reduction of his beneficial holding. The entire board of Seton Health Care followed the announcement of good results with a substantial reduction in their holdings. Apparently the stock was released following pressure from brokers for stock to satisfy institutional demand. Both Lloyd Thompson and Rolfe & Nolan have featured on the accompanying chart before, in both instances several directors have substantially reduced their holdings.

David Goldstone, the chairman and chief executive of Regalian Properties, has sold a large amount of stock with the intention of re-investing the proceeds in taking up his rights entitlement.

Angus Macdonald
Directus Ltd

For women's eyes only



WOMEN beware. The well-ploughed financial services field has found a new market and it is called "woman".

Unsuspecting females have been approached by men with clipboards, some demanding their telephone numbers and thrusting brochures on them.

Many companies have introduced services aimed specifically at women; some are even using all-women teams – allegedly better able to understand their financial problems than men – in an attempt to entice women to pick up the 'phone or walk through the door.

But what are "financial services for women"? Do they really fill a need or are financial advisers embarking on a desperate marketing ploy?

Under the Sex Discrimination Act, companies are not allowed to bring out products exclusively for women. But some motor insurance companies are able to offer lower premiums for women than for men since women, as a group, have fewer car accidents than men. Life assurance is another area in which women have an advantage. Their longer life expectancy means they can buy the same life assurance products as men but at a lower rate.

On the other hand, women are discriminated against in permanent health insurance (PHI) which provides benefit in place of wages during long-term illness. Insurance companies routinely charge women premiums 50 per cent greater than those they charge men, and in some case double the amount, because they find women a greater risk.

Many of the products aimed at women are part of a pure marketing exercise – perhaps a not altogether unwelcome one since most financial advertising ignores women altogether.

Much of what is aimed at women are so-called "flexible" products designed to cover them for the period when they leave work for a few years to have children. Rosemary Burr, author of the book *Financial Choice for Women*, warns that "a lot of people may pay for a flexibility that they do not want." Moreover, charges on such products tend to be relatively high because of the cost of putting on new business.

And advertising aimed solely at women can be counterproductive. Women may well balk at seeing their individualism reduced to that of half humankind, something of which Mercantile and General Reinsurance is aware. It produces a booklet called *Financial Independence for Women* and notes that: "Female consumers are not a homogeneous group . . . If a particular insurance product has a 'specifically for women' label, one woman may be attracted to the product whereas another may find it patronising."

Changing demographics have alerted financial services to the potential of a new market. There are more than 11m economically active women, although just over 4m of these are in part-time work. The percentage of working women between the ages of 25-34 is projected to increase to 75 per cent by 2000 compared with 67 per cent in 1987.

There has also been a shift in working patterns over the last 20 years; the government population census shows that the percentage of married women in employment has increased from 47 per cent in 1971 to 60 per cent in 1987.

Having a disposable income has made women a more interesting proposition altogether for financial institutions.

The introduction last year of independent taxation, giving husbands and wives separate personal allowances, encouraged a greater concentration in financial assets in the hands of women for tax efficiency reasons.

Gill Clark, marketing manager of Eagle Star, an insurance company, said in an address to a conference on advertising and marketing financial services to women, that "Women represent a huge potential market . . . very few companies, including my own, have developed products specifically for women or indeed products that women see as relevant to them".

However, Shona Johnstone, marketing services manager at Scottish Equitable, which produces financial services for women, believes the products do exist but women have sometimes been ill-served by their financial advisers.

"You don't need to target women for products but women should be aware that some of their needs are different from men," she says.

The main area in which these needs become evident is in the area of pensions. Men tend to have an uninterrupted working life while women may want a career break. Thus, women have to watch out that the pension they choose does not impose penalties for people who need to stop and then restart their pension. Women also tend to live longer than men but retire earlier. The upshot is that women have to start thinking of a pension earlier and have to save roughly 10 per cent more than men to get the same when they retire.

Many women also do not realise that if they get divorced and their ex-partner remarries, they lose their pension rights to the new wife. If they are widowed, they will only receive half their husband's pension.

"I feel it's about time the institutions owned up to the fact that financial planning for men and women is fundamentally the same, but it is the approach that is the important differentiating factor," says Fiona Price, managing director of Fiona Price and Partners, a group which advises professional women. Another sceptic of the "flexible" product, she believes that many women are alienated from seeking financial advice because too little effort has been made to understand their needs.

The financial services industry is keen to portray financial independence as a necessity for women in order to generate new business. But this should not detract from the fact that many women would benefit from being less dependent on their husbands, since unforeseen events such as divorce and bereavement occur all too frequently.

National and Provincial Building Society provides a financial helpline to women which gives free advice without discussing specific products.

That the financial sector appears to have woken up to women is welcome if it means that women will suffer less discrimination when they take out a mortgage or an insurance policy. But it is to be spurned when targeting women as a pure marketing exercise.

It is also ironic that some companies trumpet their concern for women but neglect them within the industry. MSF, the financial services trade union, has found that the insurance sector pays its women workers less than men – nearly 80 per cent less at the top end of the scale – and that the gap is widening.

Women should ignore the marketing hype and concentrate on forcing advisers and salesmen to disclose details of the policies they are promoting; only then can they decide whether a particular product meets their needs.

Scheherazade Daneshkhu

Tough times for gilts

Sara Webb considers government securities

THESE ARE difficult times for the gilt market. The combination of political worries, uncertainty about whether the recession is over, and concern about the amount of borrowing that the government may have to do over the next year has unsettled investors. However, while private investors may wish to steer clear of conventional gilts, some advisers suggest that this may be a good opportunity for buying short-dated index-linked gilts.

The fact that the government has started to borrow in the gilts market again after an absence of three years has led to fears of oversupply and therefore that prices will be depressed.

The government has forecast a Public Sector Borrowing Requirement of £8bn in 1991-92, but some economists consider this an underestimate and are forecasting a PSBR of £9bn-12bn. The recently announced PSBR figure of £3.6bn for May – a figure much higher than that for the previous month, and one of the highest monthly figures in the last decade – certainly led to some concern that the government may have to borrow more heavily, although the May PSBR figures were distorted by delays in poll tax payments and collection of income.

This has an adverse effect on the gilt market because the government has to issue gilts at a time when demand from UK institutions for UK government bonds is not particularly strong. The Bank of England has been issuing gilts in a range of maturities for the past few months and on Wednesday this week, the Bank of England auctioned a further £1.5bn of ten-year gilts, the 10 per cent Treasury stock due 2001.

John Kendall, economist with Baring Sterling Bonds, points out that despite the large issues of new stock, in real terms the size of the gilt market will remain below its 1987 peak for a few years. However, despite this, the gilt market has been depressed by funding worries for a while. Added to this, the Conservative Party's ten-point lag in the opinion polls has not helped market sentiment.

Another gilts analyst points out: "Yields on gilts are still quite attractive, but while there is political uncertainty, there is no reason why private investors should buy gilts now as there is little chance of a rally in the market until we see a swing in the opinion polls."

However, not all gilts are unattractive. Several advisers are recommending that higher-rate taxpayers consider buying the index-linked 2 per cent gilt due 1992. This gilt is redeemed on March 23, 1992, but (because of the way that index-linked gilts work) the final coupon and redemption value are fixed by the July RPI.

Higher-rate taxpayers have traditionally been attracted to shorter-dated index-linked gilts. With an index-linked gilt both the coupon and the stock are indexed in line with the RPI with an eight-month lag. However, as the coupon is low, higher-rate taxpayers do not have to pay a high proportion of the total gain in income tax, while the gilt's capital gain is received tax-free.

Company costs query

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

I PROPOSE to set up an investment company, the only shareholders and directors being my wife and myself. The company will invest in stocks, shares unit and investment trusts to achieve an income from dividends and to make capital gains.

Will you please advise whether the costs of operating the company, for example, travelling, secretarial, office expenses, professional fees etc, may offset against the company's income and capital gains, thereby reducing the company's tax liability.

■ Under section 75 of the Income and Corporation Taxes Act 1988, tax relief is available for the expenses of management of an investment company (as defined in section 130), as distinct from the expenses of managing the company's investments.

Before setting up a close investment-holding company (as defined in section 13A of that Act) you should talk things over with the prospective auditors, so that they can explain the tax disadvantages.

In a local reference library, you should find a copy of the Income and Corporation Taxes Act 1988 (as amended up to last year) in, for example, the British Tax Encyclopedia or Simon's Taxes.

Wills and the handicapped

I am writing to inquire about wills and testaments and the mentally handicapped. I am responsible for the care and attention of my younger sister, who is mentally handicapped and lives with the family on a permanent basis. Several years ago a close relative died leaving several thousand pounds for my sister.

The will took 1½ years to process and was legally complex. The money is administered by the court of protection in her name and the interest on investments is sent to me every quarter. The money is used as a sole contribution to her upkeep.

One of the solicitors who is familiar with the case pointed out to me that, under recent changes in legislation, it is now legally possible for my sister to make a will and testament which would become binding upon death. However, several questions arise out of this proposal. I have no quarrel with the court of protection or its administration of the money.

First, could the court of protection decide to over-rule any locally made will and implement its own decision on the money? Second, would it be wise to allow a handicapped person to go through the legal process and complexities of making a will and testament? Third, does the court of protection have its own arrangements to arrive at decisions concerning handicapped persons and their estates?

■ A patient in the court of protection may have a will or codicil executed for her under the direction of the court and the court will determine whether the patient is of sufficient capacity to execute the will or needs to have a statutory will executed on her behalf.

A summons to the court of protection would be the appropriate form of setting in motion the process for such a will, but you may care to make a general enquiry of the Court first to ascertain how the position of the particular patient is viewed.

Fencing, again

I was interested to read the letter from your correspondent who proposed to erect an electric cattle fence inside his property to deter possible intruders.

The club to which I belong fixed strands of barbed wire to the outer side of an existing post and wire mesh fence on or close to its boundary at the top of a small bank of earth.

The bank and fence is accessible from a forecourt or road serving lock-up garages and adjacent houses. Children have been seen to climb the bank.

I have always understood that owners and occupiers of property owed a duty of care towards trespassers, especially small children, and should not erect hazards likely to result in serious injury.

I have voiced my misgivings, but have been told that the club is entitled to protect its property and that the barbed wire will remain in place.

Apart from the moral aspect, there appear to be certain similarities between this case and that of the electric fencing and it would be helpful if you could let me know whether the club is acting within the law or is leaving itself open to being sued in the event of a child injuring itself on the barbed wire.

■ Although a duty of care may be owed to trespassers it is of a more limited character than to others. It is now statutorily formulated in section 1 of the Occupiers' Liability Act 1984. We think that section 1 (4) of that Act would enable your club to escape liability for injury on the barbed wire, even by a child, if the fence is maintained in good condition.

Liability for CGT

In last week's Briefcase column, the word "no" was omitted from the question headlined "Liability for CGT" The questioner had sold a business and wanted to reinvest in another business and asked whether there would be *no* CGT liability?

The answer is that there would be a liability; the admission of the word "no" accidentally gave the contrary impression.

THE BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Southdown BS	SuperSaver	0273 471671	Instant	£1	11.50%	Yly
Cheltenham & Gloucester	London Share	0452 372372	Instant	£2,500	12.25%	Yly
Allied Trust Bank	2 mth Not A/C	071 626 0879	2 Mth	£2,001	12.57%	Yly
Norwich & Peterborough BS	Special 85	0733 371371	85 Day	£10,000	11.85%	Mly
National Counties BS	90 Day A/C	0372 742211	90 Day	£25,000	12.85%	Yly
Lambeth BS	2 Yr Term Share	071 928 1331	2 Year	£500	12.90%	Yly
TESSAs (Tax Free)						
National Counties		0372 742211	5 Year	£3,000	14.50%	Yly
Exeter Bank		0392 50835	5 Year	£250	13.75%	Qly
Clydesdale Bank		041 248 7070	5 Year	£10	13.50%	Qly
Lambeth BS		071 928 1331	5 Year	£20	14.00%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	11.00%	Yly
UDT	Capital Plus	0734 580411	Instant	£1,000	11.10%	Qly
Chelsea BS	Classic P/Acc	0242 521391	Instant	£10,000	11.80%	Yly
				£25,000	12.30%	Yly
Northern Rock BS	Current A/C	091 285 7191	Instant	£25,000	11.61%	Mly
OFFSHORE ACCOUNTS (Gross)						
Leeds Permanent O'seas Ltd	Overseas Gold	0624 626288	Instant	£50,000	12.20%	Yly
C & G Channel Islands Ltd	Guernsey Gold	0800 717505	Instant	100,000	12.85%	Yly
Bradford & Bingley Douglas	Maximiser Ind	0624 662883	90 Day	£25,000	11.50%	Yly
Yorkshire BS Guernsey	O'shore Key Extra	0481 719888	180 Day	£50,000	13.00%	Yly
C & G Channel Islands Ltd	Guernsey Bond	0800 717505	12 Mth	£10,000	12.25%	OM
GUARANTEED INCOME BONDS (Net)						
American Life FN		081 680 7153	1 Year	£50,000	9.25%	Yly
CCL Assurance FN		081 752 0200	2 Year	£5,000	9.20%	Yly
Prosperity Financial FN		0800 521546	3 Year	£2,000	9.30%	Yly
AEGON FN		071 538 8800	4 Year	£50,000	9.45%	Yly
Providence Capitol FN		0256 768888	5 Year	£10,000	9.60%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	11.00%	Yly
	Income Bonds		3 Month	£2,000	11.75%	Mly
	Capital Bonds C		5 Year	£100	11.50%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	36th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50% +Infln	OM

All rates (except Guaranteed Income Bonds) are shown Gross
*= Gross Equivalent Rate. F= Fixed; Fixed Rate (All other rates are variable. OM= Interest paid on maturity. N= Net Rate. B= Bond
Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walsham House, Stalham, Norwich.

PERSPECTIVES/GARDENING

Private Passions

A horse! a horse! it's costing me my kingdom

HAVE YOU ever imagined reversing a five-ton lorry up a twisty lane, scraping parked cars one side to avoid a deep ditch on the other, at the crack of dawn on a Sunday morning? No, I did not either. That is, until I fulfilled a childhood dream: to own a horse.

Buying him was easy. I just wrote a large cheque. Keeping him was easy, too: regular large cheques. But, having a full time job – and in London, too – justifying this expenditure simply for a bit of fun over the weekend, was not.

I bought my horse – my beautiful eight-year-old 15 hands golden dun Arab/Connemara with a crooked white snip on his nose and a big tummy – after riding him for a couple of weeks and with the intention of schooling him for a couple of years before passing him on to my daughter, who by then would be big enough to cope with him: a good enough justification for the expense, you may think. But it hasn't worked out that way.

With my child safely away at school, "Schweppes" took me seriously in hand. He trod on my toes, biffed me with his nose and helped himself to tit bits from my pocket. We got soaked together, baked together, exhilarated together, tired together, every weekend. He spooked at gates, water troughs, played up disgracefully in traffic, but listened to my every word, took me through the bluebell woods, down bridle paths and far away across the countryside, over logs and ditches, watching the seasons change, the lambs grow up, the leaves unfurl, turn golden and finally fall.

He whickered when I called him from the field gate, striding towards me with ears pricked looking for a carrot and cuddle – in winter all snuggled up in his New Zealand rug and in summer wearing his own golden coat, his unruly black mane with white streaks blowing in the wind. No one noticed *me* out in the country: the deer continued grazing, rabbits feeding, pheasants preening and hares playing their own mad March games as Schweppes and I trotted by.

But, said the stable people, he can *jump*. He can do anything. He has won rosettes – even a dressage competition! He was a challenge, exciting. We started to improve – no, I started to improve. Smart gear was bought (a nice jacket and leather boots are not cheap) and the two of us joined teenagers going to local shows (they had been there, done that, told me to talk to him and go for it). He frightened me to death. Nerves jangling, adrenalin pumping, decked out in body protector (for me) and boots (for him) we shot over show jumps, cross country courses: why not dressage, why not something more sensible, why not just hack? Why not another hobby?

But that is half the attraction: the danger, the excitement, you and your horse galloping together, jumping together, hopefully staying together. So, it is up at dawn every weekend in all weathers, nerves aflutter, plaiting and grooming, bandaging and rugging up, oiling hooves, loading and driving off in the horsebox.

Ah, the horsebox. Essential to get to all those shows down those terrifyingly narrow, twisty lanes. Actually, it is an ex-Southern Electricity Board lorry, converted to carry two horses, and a grooms' compartment with room to install a gas ring, sink and fridge. The box cost *much* more than the horse.

A horse, together with a bridle, saddle etc. will cost from £2,000 upwards. This rises to much, much more if you buy anything fancy like a thoroughbred hunter or showjumper. But you do not want one of them unless you are an expert. Take advice from one of these as to what would suit *you*.

Trevor Humphries

Caroline Cross and Schweppes trot through the Hampshire countryside

However, buying the beast is only the beginning. Livery charges, although they start at around £20 per week for DIY – which of course is not possible for anyone living in a large town – soar up to around £100 per week at a top yard. And do not forget the shoeing bills. Working liveries are often the best option, starting at about £40 per week whereby the stable uses your horse for its clients on days you do not need him.

But before taking a deep breath and reaching for your cheque book, I was told, have the horse vetted and vet the yard yourself: any sign of sparse bedding, rickety fences, loose barbed wire about – anywhere – or you do not like the owner, find another yard. And once your steed is pronounced sound in wind and limb, insure him. He may turn out to be a "Friday afternoon" horse and prone to accidents, whatever the vet's verdict. Serious vets' bills are about the only thing I will not have to fork out for out of my own pocket.

And what about my daughter? What happened to that good intention, that justification of spending so much money – now in the region of £8,000, never mind his keep? There can only be one answer. Spend even more and find her a pony.

Caroline Cross

Roses that don't need tying down

THE ROSE growers' talk these *days seems to be all about* short varieties; patio roses that look like cut-down floribundas or ground cover roses that sprawl all over the place but never get more than a few inches off the soil.

Breeders have made good progress with these and there is certainly a use for them in the modern garden, small and labour-saving. But I want to consider a type of rose that is about as different from these as you can imagine; the big bush roses that can bring height into the garden without needing to be tied, roses as different from one another as Blanc Double de Coubert, Cerise Bouquet and Fruhlingsgold.

All are favourites of mine. Blanc Double de Coubert is almost a pure rugosa rose, deep semi-double pure white flowers, and plenty of good green foliage. With me it has always been a completely trouble-free rose, which is more than I can say for all the highly rated shrub varieties, Nevada, *for instance*, which suffers so severely from black spot in my garden that I have had to abandon it. Fortunately this is not a general experience and in most gardens Nevada is a magnificent rose with large, pearly pink flowers fading to white.

Another of the rugosa roses that I rate highly is Roseraie de l'hay, the flowers extra-large, shapely in bud but opening to a loose semi-double flower, purplish-crimson with a centre of golden anthers. Is is richly fragrant and throws its perfume well. Graham Thomas (see the accompanying article by Robin Lane Fox) recommends planting it with blue hydrangeas and I have no doubt that this would be a very effective contrast but it is also a reminder that this is a long season rugosa variety. Most of this kind would *finish flowering* and be *getting on with* ripening their heps long before any hydrangea flowers started to colour.

Cerise Bouquet is a very attractive rose with grey-green leaves, semi-double rose-pink flowers and a tall, arching habit. It is frequently grown as a climber, usually tied to a pole, maybe at the back of a border, but it is classified as a shrub rose and certainly can be allowed to stand freely if there is room *for it to flop about a bit.*

The same is true of Fruhlingsgold which has large, *single, light-yellow* flowers and nine to 12 ft stems that can arch outwards to make a very wide bush. I saw one in a tiny garden recently which had been pruned to prevent it occupying all available space and was covered with flowers. It looked magnificent but I wondered what the owner would have to look at for the rest of the summer. It does sometimes flower a second time but not so freely and it cannot be relied on.

Perfectly pink: the rose Complicata

The first rose to flower in my garden is Cantabrigiensis, which got this name because it appeared as a chance seedling in *Cambridge Botanic Garden. It* needs plenty of room because it makes a really big bush and it is smothered in small, single, yellow flowers towards the end of May. It can be confused with Canary Bird which also flowers in May. However, it lacks the bristly stems of Cantabrigiensis and is a deeper yellow but not as naturally healthy, which must also be the charge against Rosa hugonis, probably a parent of both these early roses.

One of the best of the so-called hybrid musk roses is Penelope. *It* is rather stiffly branched and can make a big *bush given time. Its flowers are quite* large, semi-double, born in clusters and peach pink when young paling to light green with age. This is a rose that will go on flowering for some time though it is the first flush, in mid-summer, that is the best, often with a second attractive display in autumn. In this hybrid mush *group I also rate highly Buff Beauty,* which has big apricot coloured flowers and tends to be broader than it is high; Cornelia, salmon-pink and with an exceptionally long flowering season; and Moonlight, which is pure white when fully out, very free flowering and so tall that it can be used as a climber.

A wild rose to be recommended with *a little reserve is Moyesii for it* branches in a very angular way and can be a menace in a small garden, but where there is space for it to develop freely it is magnificent, with single, deep-crimson flowers followed by long, waisted, bright scarlet heps that hang on for months. It is more spectacular in fruit than in flower. A more practical plant for most gardens is its variety, Geranium, which is more compact in habit and more reliable in flower colour and hep size. This is because it is a clone which must be renewed vegetatively whereas Moyesii is a wild species *which may be raised from seed with* consequent variability.

Complicata is an extraordinary rose: no one appears to know anything about its origin or where it was given this odd name, for there is nothing complicated about it. Imagine an extravagantly good dog rose with pink and white single flowers up to 5in across and you have a fairly good *idea* of it. It only flowers once each year but when it is in bloom *there is nothing to surpass it.*

Perhaps the nearest thing is the rose that is known both as Wolly Dodd's Rose and also as Rosa villosa Duplex with the last one most preferred by experts. My preference remains Wolly Dodd because it makes it plain that we really know nothing about this rose except that it is old and beautiful, with large pink semi-double flowers. Few rose nurseries still offer it but it can be *obtained from David Austin Roses,* Bowling Green Lane, Albrighton, near Wolverhampton.

I have kept my own most indispensable shrub rose to the last. Rosa glanca, which used to be known as R. rubrifolia, is a superb foliage shrub with pretty pink and white flowers followed by globular, brownish-red heps. But is the grey leaves variously flushed with shades of mauve and purple at its *brightest at the ends of the young* stems that makes this rose such a striking plant. *It has steadily increased in* popularity as gardeners have become familiar with it and it fits well into almost any company. It is also virtually thornless.

Arthur Hellyer

Bring on the lions

ROSE COTTAGE, built in the 17th century, is true to its name – or it would be, were it not for the deer.

My idyllic retreat has tiny scented roses climbing profusely over its door, ramblers adorning its fences and hybrid teas in the borders. But all these, and many other plants *besides, are under constant* threat from marauding deer.

Last year, in one night of glorious chomping, roe deer from nearby woods demolished every delicate bud on the old French rose, Souvenir de la Malmaison. Delighted at their find, they returned again and again and in a series of dawn raids put paid to the first flowerings of virtually every rose in the garden.

There are 101 remedies for repelling these pretty, destructive animals – which, according to the experts, are on the increase throughout much of southern England, wherever open fields and woodland meet encroaching houses. None of the remedies is very effective.

The cheapest and oldest is human hair, stuck into nylon *pop-socks and hung around the* garden. The deer are said to shy away, although not if the hair has been shampooed.

Most proprietary products involve some evil-smelling substance which is supposed to spell danger to the deer. Some are specifically designed for deer, others are said also to deter rabbits and even cats and dogs. You spray around the plant, or dip rags in substances such as creosote or Jeyes fluid *and hang them where you* think the animals enter the garden.

Harry Pepper, of the Forestry Commission's Conservation and Wildlife Research Department, has been trialling such products for some years. "We've used some things with such incredibly disgusting smells that it's as much as we can do to stay in there," he says, "but the deer don't turn a hair."

Andrew Halstead, entomologist at the Royal Horticultural Society, has prepared a leaflet for despairing RHS members. This (available only with a stamped addressed envelope from the RHS at Wisley, Surrey) concludes that fencing at least 6 ft high is the only sure way of keeping out deer.

Deer are very destructive: in gardens they go not only for roses but a whole range of plants with succulent shoots. They are also a nuisance to farmers, foresters and the commercial growers, debarking trees or lying low in grass silage and wheat fields, a danger to themselves and to the harvesting machinery.

No one seems ready to estimate the size of the market for repellents but it is clearly sub*stantial enough for* Dalgety, aleading agribusiness company, to be researching the most exotic solution yet.

Everyone seems agreed that to repel deer you must arouse their sense of danger. Dr Jerzy Mlotkiewicz, head of the Dalgety research programme, reckons that even the English animals have some sort of folk memory. This makes them fear "big cat" predators which would once have threatened them. The company is thus hoping soon to market an exotic "cocktail" spray smelling of lion and tiger dung.

Earlier this year, in desperation, I rigged up cages of chicken wire around my most precious plants at Rose Cottage, as well as hanging up several smelly devices. Lion spray would be a *lot* simpler.

Bridget Bloom

The foreign backbone of England

Robin Lane Fox considers a matter of garden history

OLD FASHIONED roses are the backbone of stylish English gardens: the next two weeks see this backbone at its best, weather permitting. *To set the scene,* I have been discussing its history *with an old fashioned* expert in the National Trust garden *which is the memorial* to his work.

Briefly, the sun shone perfectly on Rose Blairi numbers One and Two; the popular press were scrambling for Pimms and bushes of Raubritter in containers; the scent of Rose Constance Spry breathed *high-class bath powder from* the wall behind our seat.

The grand old man of British plantsmanship is Graham Thomas, acknowledged master of the families of older roses. At Mottisfont Abbey, near Romsey in Hampshire, you can visit a sequence of walled gardens with which the National Trust now honours his work. *Since 1972,* they have been devoted to the old-fashioned roses *and distinctive style of* herbaceous planting which Thomas sponsored during his many years as Garden Adviser to the Trust's properties.

It is a garden which is still improving: it would be good to see a merger with the national collections of old-fashioned pinks and hardy carnations instead of the inferior types of dianthus which now loom large in the herbaceous sections. Labour permitting, it would also be good to see more use of formal training of old roses on to firmly-shaped frames for individual display.

Perhaps these developments and others will come in time, but for the moment, the question which fascinates me is one of history.

Graham Thomas and others have *constructed a history* of the rose's blood-lines which *may well be correct. It begins* with a few wild species, continues to a romantic merger between roses from China and roses in Europe after the crusades and other cultural contacts. It reaches the Empress Josephine, wife of Napoleon, and within 30 years, it breaks down in a maze of hybrids with romantic French names.

At this point, the experts write encyclopaedias. I want to know who bought and patronised this spate of new roses in France from 1850 to 1910. They do not spring to mind in French novels of the period: even more odd is their disappearance after 1914, a grand act of cultural amnesia which cannot be blamed on the rise of *the French mania for cooking.*

I have my own schematic *history of the old-fashioned* rose's recent past and last week, in the sunshine, I could test it on the Grand Old Man himself. He endorsed it, probably because I had first learnt it from his writings, but it is not a widely-remembered story. Nowadays, people tend to assume that the long-lost old roses are a particular English heritage.

The first act in the story is relatively straightforward. The hundreds of new French roses from 1850 onwards were bought by French gardeners, not by a small circle of breeders. If any of you have old French nursery catalogues of roses from 1850 to 1910, a copy of them would be extremely welcome. The prices make fascinating reading and so do the names.

Some of the French names *which we know best are in fact* later nicknames given by imaginative Englishwomen when the French varieties came back into fashion. My favourite pale pink rose is the exquisite Fantin Latour, but the rose was not named in the painter's lifetime. The name was given later by an amateur *Englishwoman* because the flowers reminded *her of his paintings.*

The next act is near-oblivion in France. Very few collections of the French rose-heritage persisted after 1914, but the most important proved to be in the gardens at Bagatelle. In England, only a few of the hundreds of French beauties had become established and almost nobody realised what a vast range once existed. Only one French variety had been named in honour of an Englishman. You can still see it at Mottisfont, the prickly purple James Veitch, which has recently been rescued.

Surprisingly, a far bigger range survived in Germany, in a nationally-sponsored collection at Sangerhausen in the north-east. Here, devoted German rosarians preserved a huge selection of the very roses which the French public had abandoned since 1914. It lived on during the dark years of the 1930s, a survival whose *history, to my knowledge, has* never been fully traced.

In England, independently pre-war high society was on the move. Vita Sackville-West, Nancy Lindsay and their friends championed the dear, lost old roses with petals as dark as rubies and names like *a roll-call* of the greatest snobs in Proust.

The Lindsay catalogue of old roses is a lush bed of opulent prose, knowledge of which I owe to an alert *Weekend FT* reader. In the neglected gardens of Sissinghurst Castle, Vita Sackville-West and Virginia Woolf would sport in each other's company among long-lost varieties of rose, one of which, they thought, was *surviving only in their garden.* In fact, it had been known since the 16th century, but the atmosphere of historic roses and their rich scent still breathes from the pages of Virginia's book *Orlando*.

While Englishwomen sported and lamented the dear lost roses, over a thousand of the old French varieties were growing safely, unrecognised in German care. After 1945, Sangerhausen fell into the Communist zone: the roses survived and it is from their list that many of the reintroductions by Graham Thomas and others have been made. In the 1930s perhaps 50 varieties lingered on in the care of "three rather broken-backed nurserymen" as Graham Thomas describes them. One of them, E.A Bunyard, struck me as particularly important for the early years of Sissinghurst when I was able to examine *Vita's early garden notebooks.* Sadly, he killed himself, and after the war the main champions of old roses in the trade were Graham Thomas and his highly talented partner, Jim Russell, a man with a truly aesthetic sense.

Old roses are widely seen as the essence of an *English* country garden: historically, they are *nothing of the sort.* They began in France and have survived in a far greater quantity in Germany, for years under Communism.

Worldwide, England is not even the unchallenged guardian of this legacy. This winter, the International Conference *on the old rose was held miles* from Mottisfont, out in New Zealand. *Four hundred and* fifty delegates attended in a country where the old roses revel in the climate and bushes of alba roses grow to heights which we would never credit. In England, the recent attempts to sponsor an Old Rose society have so far led to only a few hundred members: in New Zealand, a similar society quickly attracted 1,800 enthusiasts. Perhaps New Zealanders like little societies, but it looks as if England may return to the margin of the old rose's history. The future may lie with Rosa Antipodea, not with the rain-sodden varieties of an English weekend in June.

HOW TO SPEND IT

International man buys ties in France, shoes in London . . .

A question of style . . .

Trevor Humphries

David Montgomery is wearing one of his favourite Ralph Lauren knitted jackets in pinks, greens, blues and yellows with a Brooks Brothers shirt, a tie from Disneyland, cotton pants by Marithé Girbaud and Gucci loafers. Max, aged two, is wearing a tweed jacket by the Fairbanks Clothing Company from Patrizia Wiggan (72, New Kings Road, London SW6). His button-down shirt came from Bloomingdales, his bow-tie from Patrizia Wiggan and his boots from Buckle-My-Shoe at Harvey Nichols.

DAVID MONTGOMERY is a very successful photographer who can turn his lens as skilfully on the Queen as on Frankie Howerd, and on Colefax & Fowler as on Designers' Guild.

He could best, I suppose, be described as an eclectic dresser. He hardly ever has to wear a suit ("though, of course, I do when I'm photographing the Queen or the Prime Minister") but when he does it tends to come from Marks & Spencer.

"I've got a very nice grey flannel suit from them. The thing about Marks & Spencer is that I can walk in and find somethings that fits. I'm lazy. I can't stand going into smart places and having somebody fussing about. If I don't find something I want in five minutes flat, I'm out. I hate sales people telling me how great I look."

Not much of his shopping is done in the UK but "when we are abroad or on holiday, Martine (his wife) and I are dangerous. We shop till we drop. Somehow in this country when I have free time I don't feel like spending it in shops but I always shop in America and in Italy. In the malls in America everything seems desirable. I buy things from The Gap for instance whereas here I've never even been into The Gap.

"When I'm photographing in Italy, I'll probably work for two days, then I'll go shopping. I like their sense of design, their colours. I always get my shoes there. I've got lots of light brown suede loafers. My standbys are my Gucci loafers – I have at least three pairs of them, two in black and one in brown suede and one in training.

"I have masses of things by Ralph Lauren – sweaters, polo-shirts, bathrobes. I like his things because I don't like being trendy and the thing about Ralph Lauren is that you can wear it any time. It's all that American classical sunshine wear that I used to wear when I was 14 years old back in the States and that Ralph Lauren has cleverly fixed up a bit and now I'm coming back to.

"It's very clever, everything you buy just seems to fit into place when you get it home. I can wear a pair of jeans and a shirt for working and then throw a blazer on and go to a restaurant. It's also good quality and I'm pretty rough on my clothes when I'm working.

"I've learned though that if you see something of his that you like you must buy it straight away because they don't repeat them. For instance, one of my favourite garments is a navy cotton sweater with an American flag on the front – it's become almost a collectable now and they aren't making any more of them.

"At a party I saw a man wearing a huge Black Watch plaid duffle coat and I asked him where he'd got it. He said Ralph Lauren in New York so the next day I bought the last one by telephone. All my friends then wanted one but there are no more.

"Lots of my shirts come from Brooks Brothers – they do the best collar in the world and they also have a pocket, unlike Polo Ralph Lauren shirts which are the other ones I buy. You can buy Brooks Brothers shirts here at some branches of Marks & Spencer but only, I'm told, in blue and white and I like happy colours like pinks and greens. I have some shirts from Turnbull & Asser and Charvet in Paris – I wear those when I have time to put my cuff-links in.

"My underwear is from Facconable in France and I wear Polo ties or Moschino ties, as well as some of Georgina von Etzdorf ones. I buy a little at Paul Smith, things like boxer shorts and some shirts.

"I have a drawer full of Argyle socks, mainly in bright colours and I must have at least eight or nine pairs of corduroy trousers in every colour. I wear a lot of cotton trousers by Marithé Girbaud – my wife tells me I look good in them and if she's happy I'm happy – which we pick up at Bloomingdale's in New York.

"When I lived on my own I used to be much quirkier –I used to have a lot of Western clothes, cowboy boots and that sort of thing but my wife thought it was a bit strange and she started buying me things like Argyle socks. Now I dress more classic Ivy league style but I wear it in bright colours because the weather is so terrible here."

BARRY DELANEY, one of five Delaney brothers in the advertising business, is creative partner of Delaney, Fletcher, Slaymaker, Delaney, Bozell, and is known in the advertising business for having written more political ads (mostly of a left-wing tinge) than anybody else.

His favourite shop, the one that he says sums up his sense of style and his attitude to clothes better than any other, is Davies of 10 Great Newport Street, London WC2. Started by David Davies of DDA, best known as design specialists in retailing and graphics, Davies seems to appeal strongly to those with a feel for design, whether graphic artists, film directors, or those who work in advertising or TV.

Best, in my view, for its leisurewear – lots of lovely soft cotton shirts in plain but interesting colours, socks in all weights and colours and sporting the discreet map of Great Britain, good summer jackets, polo shirts and sweatshirts.

"I came upon it – I couldn't miss it – because I work in Covent Garden and most of the advertising industry lunches in Soho so Great Newport Street is on my daily route. Most of my contemporaries go to places like Armani and Comme des Garcons where they buy the whole package and then they feel secure. But I think that doesn't show much confidence. Here (at Davies) there are all the things like polo shirts and T-shirts but they have no writing on them and one can make one's wardrobe feel much more personal.

"Davies has got enough of a good name to reassure but not enough to attract the insecure. The Davies' sock, though, with its little map of Great Britain, has become a little recognition symbol among those in the know.

"I like understated English style but not many people seem to get it right. Some like Armani and Ralph Lauren do a version of English style, but they overdo it, others make it like a nostalgia trip which isn't right either. Davies gets it just right. Its style is understated but that is actually quite a tricky thing to bring off – how do you do it without making it boring?

"I buy most things I need here – things like jackets and trousers and shirts, but then I buy shirts whenever I see them. I have a large turnover. Before I go on holiday I always come here – I pick up simple plimsolls and shorts and t-shirts and polo-shirts – loads of things. I've bought tweed jackets in the past and shirts and I like the big, sturdy weekend shoes that they do.

"I've bought suits here – like this linen one I'm wearing which is great for summer – I suppose I have about seven suits in all. I've got an Armani, a Hilton, and a black one by Jasper Conran that I bought in Les Deux Zebres. I also buy from Margaret Howell – she has the same attitude to clothes, shows the same fine sense of balance between classic and English and not showing off and yet not being boring.

"When I was young and first had money I went to Savile Row for my suits but not any more. Off-the-peg has become so much better – in the old days off-the-peg was for poor people so they didn't try as hard. Now almost everybody buys it and they sell enough of it to carry a wide range of sizes.

"I buy clothes whenever I need something or see something I like. When I'm in New York I pick up Saks Fifth Avenue own label boxer shorts because British companies never do them as well although I do like – and own – some Smedley underwear. I also like going to Barney's when I'm in New York.

"I don't think of Davies first for ties – I usually get them at Facconable in Paris or in the South of France when I'm there on holiday. Although I don't buy everything here this shop more than any other epitomises my taste and even when I buy elsewhere I'm looking for the kind of taste that I find here.

"I hardly ever buy anything without feeling guilty but if I wear it a lot then I feel I've got good value for my money. The idea that simply because something costs a lot it is bad value is wrong. I suppose the things here do cost more than things at Marks & Spencer but the good thing about it is that it has got its feet on the ground. For a man if you buy clothes there are two risks – you can either look pretentious and trying-too-hard or you can look bloody boring. Neither of those two things are likely to happen here."

Motoring

Where the gas is greener

***Stuart Marshall** finds that drivers are not getting the diesel message*

AS A CYNIC in the motor industry once said, never underestimate the depth of public ignorance of anything remotely technical.

Unleaded petrol has been at filling stations, and its use officially encouraged, for at least three years. Catalytic converters are fitted to 15 per cent of cars sold in Britain and all new cars will have to have them by the end of next year.

For years we have been subject to a massive information campaign promoting the benefits of unleaded petrol and catalytic converters by governments, environmentalists and commercial interests alike.

And yet, if a recent survey of 615 company car drivers is anything to go by, only a small minority of us really knows what it is all about.

For example, 76 per cent of the company motorists thought unleaded petrol was brought in to protect the environment. (The real reason was that it was believed to harm the mental development of children living in towns. Unleaded petrol must be used in cars with catalytic converters, but that is a separate and, for Europe, far more recent issue). The great majority (85 per cent) of the cars covered by the survey could – and all but a handful did – run on unleaded petrol. I find it hard to believe, but eight in ten of the drivers were willing to do without electric windows and a stereo on their next company car if money had to be saved to pay for the catalyser.

But they declined by two to one to consider a diesel, citing smell/dirt/pollution (48 per cent) as the main reason followed by noise (31 per cent) and performance (19 per cent). Clearly, they had no idea that a diesel car is environmentally cleaner than a petrol car – even one with a catalyser.

The survey was conducted for BRS Automotive, a car leasing company. One of the lessons its general manager, Paul Bates, draws is that the diesel car manufacturers should do more to educate the market on their environmental benefits. (To be fair, Citroën and Peugeot already are).

Only 19 per cent of company car drivers rejected the idea of a diesel next time because they thought it would lack performance. From this Bates concludes there has been too much advertising emphasis on the speed and acceleration of diesel cars, not enough on their lower pollution.

He pointed to sales having risen from under one per cent of total registrations ten years ago to nearly eight per cent last year. As the UK car population had reached 20m last year, he thought the need to reduce harmful gas emissions was paramount. As 60 per cent of all new cars went to the business sector and eight in ten of their users were willing to have catalysers, he felt they must be concerned for the environment. So manufacturers ought to concentrate on promoting the diesel car's environmental benefits.

■ ■ ■

Have you noticed how smelly some catalyser equipped cars can be?

Several readers have. It is an unpleasant pong like the concentrated aroma of boiled cabbage. The cause is the sulphur in petrol being converted into hydrogen sulphide.

I have often caught a whiff of it when parking a test car, most of which now have catalysers. One reader wrote of being "choked by fumes" when driving behind catalyser equipped cars and wondered if the smell was harmful as well as disagreeable.

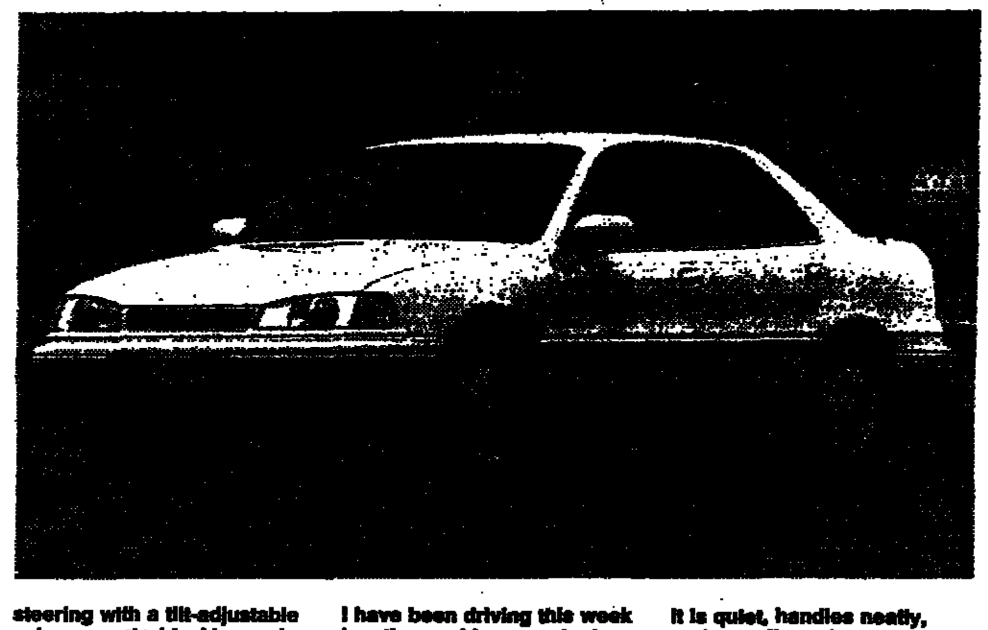
Not according to Johnson Matthey's catalytic systems division. The "stink bomb" aroma, it said, is unpleasant but harmless. Our noses are sensitive to hydrogen sulphide.

Matthey's advice is that if your catalyser offends, try other brands of petrol. Some will make it less smelly than others. The fact that it does smell at least indicates that the catalyser is operating, converting carbon monoxide and other nasties in the exhaust gases into less harmful substances. Plus, of course, a trace of unwanted hydrogen sulphide.

If that is cold comfort, Matthey says the smell diminishes as a converter "beds down" in use. Eventually, improved converter technology, better electronic engine management systems and possibly the introduction of sulphur-free petrol – which Japan already has – will get rid of it altogether.

Meantime, one can use an in-car deodoriser, keep the windows shut and switch the ventilation system from fresh air to recirculation when you get stuck behind a stinker.

Hyundai hits a high



CAN ANY other car maker have come so far in so short a time as Hyundai?

This Korean company's first offerings in the late 1960s were dreary but cheap Morris Marina and Ford Cortina look-alikes. Then it shifted into higher gear (and front wheel drive) with models bearing a passing resemblance to Mazda 323s or Ford Escorts. They were far cheaper than their competitors, as were the Vauxhall Carlton sized Sonata and the neat little Scoupe family coupe that followed.

Now comes the Lantra (pictured right) which I rate easily the best Hyundai so far. Sized midway between, say, a Vauxhall Astra (Opel Kadett) and Vauxhall Cavalier (Opel Vectra), it has a 24-valve, twin cam 1.6 litre engine developing 112 horsepower with multi-point fuel injection.

An exhaust catalyser is standard. Power assisted steering with a tilt-adjustable column, central locking and electric windows front and rear are all included in a list price of £9,999 for the GLSi with 5-speed manual gears. The CDi version at £11,498 has air conditioning, alloy wheels and walnut veneer trim and there are 4-speed automatics at £10,794 (GLSi) and £12,294 (CDi).

The Lantra manual GLSi I have been driving this week is a thoroughly competent car, riding as comfortably on its low profile Michelin MXV2 tyres as many a class rival costing far more.

The overall gearing is quite low so the multi-valve engine spins freely when accelerating and the tachometer shows 4,000 rpm at the tolerated 80 mph (128 kmh) motorway cruising rate.

It is quiet, handles neatly, parks easily and not a squeak nor rattle can be heard on bad roads.

An unusual safety feature for Europe, though obligatory in the US, is an interlock between clutch and starter. Unless you press the pedal right down, nothing happens when you turn the ignition.

S.M.

As they say in Europe

Star which casts a red glow

***James Morgan** on history as seen by Britain's communist daily*

IN RESPONSE to no particular demand at all I thought this week that I would write about a British newspaper that isno more widely read in Britain than, perhaps, the *Frankfurter Rundschau* from which I quote so often. My choice was inspired by the fact that I am spending this week in the Soviet Union, and who better to tell me about the Soviet Union than its greatest fan, the *Morning Star*.

The *Morning Star* was once the voice of the Communist Party of Great Britain which has ceased to exist in that form. The paper joined a rebellion of the more robust Marxists in the party and is now the voice of the newly-formed Communist Party of Britain, which is thoroughly Leninist. As may be expected it has had, in recent years, a spot of trouble dealing with the course of *glasnost* and *perestroika* in the Soviet Union.

The first real test of the Gorbachev age came with the Chernobyl catastrophe in 1986. It did not take the *Morning Star* long to decide the villain of the piece. It was the British government. As soon as London learnt what had happened it pulled a British student delegation out of Kiev, the nearest large city to Chernobyl. This, to the *MS*, was provocation.

A few days later the paper produced a story about a British workers' delegation also returning from Kiev, where it had joined the May Day celebrations a few days after the disaster. The accompanying picture showed the triumphant returnees led by a woman clutching a bottle of Kiev water. That somehow demonstrated its purity – after all the woman was still alive.

Perestroika marched on. The job of running the *Star* came to resemble that of editing the *Flat Earth Society Weekly News* while covering a round-the-world trip by the society's president. It was emerging that not all was well in the Soviet Union and that the Brezhnev period, far from being the years of "steady growth, no inflation and full employment" that they had apparently been, had been disastrous.

How could the evidence of failure be reconciled with a restatement of the historical superiority of socialism? An editorial on November 3 1987, did the trick. "The Russian Revolution 70 years ago opened up a radically new phase in the history of humanity. We could say it marked the end of pre-history. The first step had been taken to bringing the hitherto blind forces of economic and social development under human control. *Perestroika* takes that further, building on the enormous achievements made possible under Socialism . . ."

The experience of eastern Europe made it necessary to reassert the scientific nature of Marxism which alone could ensure that the working class knew where it should go. Scientific socialism, of course, rewards its believers with a deep understanding of the realities of social change.

Thus it was that one *Star* veteran, Joe Berry, was able to run a four-part series on the achievements and steadfastness of the German Democratic Republic just before the wall collapsed in 1989. The GDR had always been the showpiece of "actually existing socialism."

Even when the realities of this bankrupt slum were revealed,the *Star* returned to a defence of the maligned wall. In January last year Tony Chater, the editor wrote: "Without protection from outside interference which was rampant until 1961, the GDR could not have built up the developed Socialist economy and consequent high living standards that it did."

While the non-crisis of socialism was deepening the *Star* did from time to time allow it to displace South Africa from its foreign headlines. But there was one country which never appeared – Romania. Even though the hardliners among British communists could treat the likes of Honecker, Husak and Zhivkov with great respect, Ceausescu was a little hard to swallow. But, in October 1988 the dread name appeared in a headline – the Romanian dictator had admitted to differences with Moscow. The story underneath produced one of the truly memorable sentences of British journalism of the last decade. Kate Clark, the *Star's* Moscow correspondent, wrote: "Romania's economy is considered the least successful among European Socialist nations."

The interpretation of the events of late 1989 made it apparent they were not taking place in "successful socialist nations," but in countries to which the *Star* had no commitment. The editor wrote: "A particular distortion of socialism is being ditched. The obsolete bureaucratic-command structure is being dismantled and not before time." Who could ever have supported such a system!

Not the *Morning Star*. The friend of the Berlin wall, Joe Berry, has returned to the fray in the last couple of weeks with an account of the "British road to Socialism." It avoids mentioning the other roads to socialism but argues that the British working class can, with luck, achieve the goal without violence.

"Imagine Britain being run with the sole purpose of providing all its people with a constantly improving quality of life. Imagine full employment with shorter hours and decent wages, good housing and public transport at low cost, first class health care and education free to all, excellent pensions and social services," Berry wrote.

There is an easy way to achieve this, according to Berry. "Boosting the economy by the all-round raising of wages and pensions and transferring the burden of taxation to the rich." That would be helped by huge increases in spending on social needs and on a "massive investment drive." Problems arising out of this policy would apparently be solved by import controls and stopping the export of capital while cutting defence spending.

But there is one question I have been wondering about. Does the *Star* believe that imperialist governments should use the taxes paid by their exploited masses to rescue the economy of the first society to place the blind forces of economics under human control?

■ *James Morgan is Economics Correspondent of the BBC World Service.*

... and boxer shorts in New York. ***Lucia van der Post*** *investigates*

... where to find the answers

Trevor Humphries

Barry Delaney at Davies in Americano cotton trousers, £57, polo shirt, £39.95, Tan Derby shoes, £87 and cotton cardigan, £205.

JAMES TALBOT is an interior designer and antique dealer who spends much of his time travelling, though he is mainly based between France and Switzerland.

Like most of us, he tends to buy something whenever he sees a garment that appeals to him but he makes a point of looking into Amagansett at 201 King's Road, London SW3 when he is in London.

Amagansett, named after a small fishing village on Long Island, specialises in play-clothes. Here are cotton chinos in two different weights and 12 different colours at £49.50 a time, scrumptious cotton sweaters, cotton shirts in masses of colours, shoes to clamber over pebbled beaches, shoes for yachts, shoes for rambling, workout clothes for . . . working out. The shop is small, carefully edited and presents a unified, homogenous taste. There is coffee always ready, sofas to sit on and interested assistants who will help put a look together. You will either find it is your style or it is not but if it is you will probably, like James, come back and back.

James stopped in because the name rang such a bell. "A few years ago I was staying with friends who had a house at Amagansett and one of the party got into trouble in the sea. I dived in and rescued him and so Amagansett has always had a special meaning for me. When I saw the name in the King's Road I had to go in and have a look.

"I don't buy everything here but I like its style. Things are reasonably priced, very good quality and I like the way it is all presented. I particularly like their shoes like these by Crockett & Jones of Northampton. I'm very hard on shoes and I haven't even had to have these resoled. They also sell a wonderful almost water-proof buck leather brogue also by Crockett & Jones which is almost indestructible and doesn't stain. Then I like the Sperry Topsiders for a really relaxed look at weekends. I work out three or four times a week when I'm at home or in the States and so I buy the loose jogging suits by Champion (£34.50 each for top and bottom).

"Because I spend quite a lot of time in hot climates I need a hot-weather wardrobe and a lot of that comes from here. I must have at least 40 shirts, many of them from Amagansett. Old habits die hard and I like wearing a double cuff which not everybody does. I buy lots of those silk knotted cuff-links at £5.50 a time from here. Then I must have at least a dozen pairs of light trousers of which six would have come from here and at least three pairs of shoes from there.

"They don't do suits here – I have my suits made by Welsh & Jeffries & John Wells in Eton High Street. But I like coming here. It's got a good atmosphere and the New England clapboard style calms me down."

Ashley Ashwood

James Talbot wearing a forest green wool jacket that he bought in France, and everything else from Amagansett ("my generation likes to mix things up"). Sage green light wool trousers are £75.50, white cotton shirt with double-cuffs, £37.50, French silk tie, £27.50 and brogues by Crockett & Jones, £110.

Talkers, thinkers and drinkers

Kieran Cooke *ponders the many delights of Irish summer schools*

BRAIN IN sparkling good form? Liver in fine fettle? Then you might, just might, qualify for the Irish summer school season.

In the US and other strange places, summer schools are associated with bruising cramming exercises, designed for recalcitrant – or just plain lazy – students. The Irish are blessedly far more enlightened.

You go to summer schools in Ireland to talk, to listen – and to drink. They are opportunities for what one visitor described as "a few lectures in between pints."

They are, of course, very serious occasions, where knowledge is imparted and accumulated, where one's mind is constantly asked to expand its horizons and peer at new intellectual vistas. Where one has to talk, dance and sing till 4am.

It is possible to spend the entire summer doing nothing but attending various schools. Those hankering after a bit of discussion on George Bernard Shaw have already missed the boat. The GBS summer school, like the school of John Millington Synge – the late 19th century playwrite best known for *The Playboy of the Western World* – have already come and gone.

But don't worry. The Gerard Manley Hopkins, the Jonathan Swift, the James Joyce, the Sean O'Casey and of course the W.B Yeats summer schools are yet to be held. In fact there are almost more summer schools than Irish writers. There is a summer school to discuss the works of Patrick Magill, the poet and writer. There is even one for Bram Stoker, the Dublin-born creator of the Dracula legends.

One of the benefits of attendance at most of these highly worthy events is that the organisers have been sensible enough to hold many of them in some of Ireland's more attractive villages and towns. When the cut and thrust of intellectual conversation becomes a little too much there are plenty of other things to do. Some philistines even attend summer schools but never the lectures. They still emerge finer, if more sozzled, individuals.

If you find the prospect of days and nights discussing one writer or poet a little daunting and hanker after something broader, then how about the school investigating the life and times of Charles Stewart Parnell? Or the General Humbert school, held in the wilds of County Mayo in western Ireland?

General Humbert arrived in Ireland with his troops from France at the end of the 18th century to liberate the country from British rule. He won battles but then wandered the country vainly trying to organise a rebellion. Humbert was defeated and shipped back to France. His summer school tends to discuss wide ranging issues of foreign policy, Europe, the future of the world – that sort of thing.

Ending the season, brain brittle from so much thinking, throat raw from so much talking, comes the Merriman summer school, held in County Clare. Merriman was an 18th century farmer and mathematics teacher whoes one claim to literary fame is a Rabelasian style romp called "Midnight Court". The play has the fairies taking Irish men to task for not doing more marrying.

The Merriman school is both a deeply serious occasion and a week long romp. Professors, musicians and politicians share the stage. This year the theme is "Visions and Revisions, 1790-1890". For the stout of mind and body only.

Information on Irish summer schools can be obtained from Bord Failte, the Irish Tourist Board, on Dublin 765871. Costs vary, depending on full, part time or non-attendance.

SUMMER SCHOOLS IN IRELAND

July	4-7	G Manley Hopkins Sch, Monasterevin, Co Kildare
July	6-14	General Humbert Summer School, Killala, Co Mayo
July	8-13	Jonathan Swift Seminar, Celbridge, Co Kildare
July	4-26	James Joyce Summer School, Dublin
July	22-27	Sean O'Casey Summer School, Dublin
July	28-29	Bram Stoker Summer School, Dublin
Aug	10-24	Yeats Summer School, Co Sligo
Aug	11-17	Magill Summer School, Glenties, Co Donegal
Aug	18-25	Parnell Summer School, Co Wicklow
Aug	18-25	Merriman Summer School, Lisdoonvarna, Co Clare

Bags of fun

THIS summer's handbags have little to do with conventional repositories for purses and hankies, letters and lipsticks. Even at the most classic houses – Hermés, Gucci, Chanel – they are camping it up. Colours are jewel-bright, motifs jokey. Miniaturisation is all the rage.

At Chanel there is the tiny quilted Chanel bag at £60 and there are sequinned bags to match the sequinned jackets. At Hermés miniaturisation has reached the bags – weeny versions of the Kelly bag, in silk or crocodile – if not the prices (£1,430 in a classic Hermés silk and £1,740 in lizard). At Gucci they have livened up the purses with gilt hand-shaped clasps and a mini version of the famous bamboo bag in bright fuschia satin (£285) is *the* evening bag of the season. At Louis Vuitton the tiny *pochette ceinture* and the *Saint-Cloud* offer Vuitton style in mini sizes.

These are handbags that glitter and shout and long to be noticed. In other words, they are handbags for extroverts. Time was when suitable handbaggy colours were deemed to be black, brown, beige and grey – nice and easy to match up with your shoes. These days almost anything goes: sugar pink, canary yellow, rhinestones, glitter, either separately or all together. These then, you will have gathered, are not handbags for reposing on the regal hand.

Sketched here are just three of this summer's most noticeable numbers:

1 Issey Miyake's Torso bag could be said to be a totem of our age – black, shapely, witty, it could happily do double-duty as a work of art. It is capacious enough for any number of cheque-books, purses, handkerchiefs et al. In glossy black leather, it costs £545 (£4 p+ p) from Issey Miyake, 270 Brompton Road, London SW3.

2 Brilliant orange quilted square box with gilt tasselled chain, £345 from Chanel, 26, Old Bond Street, London W1. Also in fuchsia, beige or black.

3 A black grosgrain bag relieved of the danger of being in good taste by its Ban The Bomb motif in huge fake pearls. £240.99 (£3 p+p) from Harvey Nichols, 109/125 Knightsbridge, London SW1.

L.v.d.P

A guide to history's highway

OL' MAN RIVER shapes Egypt, even if today the Nile's reduced flow threatens to turn it saline. Since time immemorial Egyptians have drunk the Nile, washed in it, watered their fields with it and made it their highway.

Only the Nile and the mud it washed down every year could make the desert bloom and produce the rich crops that supported the theocracy, bureaucracy, mighty monuments and exquisite art of old Egypt. The great river and its life and monuments are the focus of an *FT* archaeological tour I shall lead in late November, which will include four nights in Cairo, a Nile cruise and visits to some fascinating sites of antiquity.

With luck we shall see at Luxor in the south an astonishing find that shows that Egypt's treasures are far from exhausted. Representatives of the Antiquities Organisation were digging a pit to check the salinity at the Luxor Temple beside the river when they stumbled upon a hidden archaeological hoard. Under a courtyard built around 1400 BC by Amenhotep III they found 22 statues, which they suspect were ceremonially buried when the temple converted to the cult of the Roman emperors.

The archaeologists were surprised to find a 6ft image of Amenhotep III which is given an inscription that ties the king to the Atun, the sun disk which was to be the focus of the religious reformation of his son Amenhotep IV, better known as Akhenaten, husband of Nefertiti. It suggests that father was involved as well.

As pharoah, Akhenaten moved the capital from Memphis near Cairo to a site at el Amarna in middle Egypt, where he ordered a new city to be built on a plain surrounded by cliffs. These proved ideal for cutting tombs, which have been highly decorated.

Amarna, which is still being dug, gives a fascinating view of a Pharaonic city, from palaces and temples to workmen's quarters. Akhenaten probably lived in a walled palace on the river in the North City and drove by chariot (often shown in the tomb paintings) to the Central City and the Great Aten Temple.

The houses, graded by the owner's importance, demonstrate the class structure of a society in which palace and temple ruled all of life.

The palaces and temples (many built for the afterlife of the dead pharoah – Queen Ratshepsut's at Deir el Bahri is the most spectacular) controlled armies of workmen by a bureaucracy that documented every stage of production. This policy continued into Greco-Roman times, as we shall see at the temples of Esna, Edfu and Kom Ombo.

With such royal/divine monuments every fellahin, bureaucrat and craftsman knew who was master in the pharoahs' Egypt. Yet the real master was the Nile, without whom none of this could have happened.

■ The *FT* tour departs London Heathrow on November 24 and returns on December 9. After four nights in Cairo at the Marriott Hotel we will board the *Nile Rhapsody* (26 cabins) for ten nights to sail to Aswan visiting sites along the way.

The price per person of £1,591 (sole occupancy of a double cabin/room £550) includes air travel by British Airways, half board at the Marriott, all transfers and excursions, including an air trip to the site of Abu Simbel, and the services of the *FT* and of Serenissima Travel (ABTA no. 54693) which will manage the tour.

To book, send a deposit of £150 per person (payable to Serenissima Travel Ltd) to: Nile Tour, c/o Nigel Pullman, Financial Times, Number One Southwark Bridge, London SE1 9HL. Applications will not be opened before July 10. We shall send a detailed itinerary with our acknowledgement.

Gerald Cadogan

MINDING YOUR OWN BUSINESS

Start up strives for full speed

***Nick Garnett** visits a one-year-old coach company with bookings but little cash*

In need of a lift: David Hudson (left) and and his partner at Caring Coaches, Jeff Warwick

THE ECONOMIC lifeblood of Bolsover and towns like it is ebbing.

"I think all the mines around here will be closed within five years," says David Hudson. "It will go back to its roots as a kind of agricultural town with a bit of light industry."

Whether that is right or not, a lot of men and women in and around the north Derbyshire town are now having to earn their living outside what was once cheerily-known as King Coal.

A former mining engineer in charge of a £1m yearly equipment budget, Hudson took the gutsy decision last year to fend for himself by setting up a business in a market he knew nothing about. With the rather meagre ration of £30,000 redundancy pay after long service in the coal industry, Hudson is joint owner of a coach company specialising in day trips and holidays for the elderly and disabled.

Caring Coaches, which was set up a year ago, shows what can be done from a standing start. It also underlines the vulnerability of fledgling businesses to unexpected costs, under-capitalisation, and the ill-health of the families who run them.

After quitting British Coal in 1989, Hudson, aged 46, spent a month trying to decide if there was a need for a coach service catering for the elderly and infirm. He did this by visiting social service departments and local homes for the elderly.

Hudson and his partner, Jeff Warwick, another former coal industry employee, each chipped in £18,000 redundancy money to the company's kitty. They bought an AEC single-decker 50-seater for £9,000 from a local coach company and spent a further £8,000 installing a hydraulic lift that could raise people and wheelchairs to the coach's seating level.

Hudson and Warwick passed the passenger vehicle licence test though that left the matter of an operator's licence. As a member of several professional bodies, Hudson was off to a flying start.

"But you have to show you have a base for the business, vehicle maintenance arrangements and finance. The Ministry of Transport will not just accept your word. We had to have a letter from the bank manager saying we were fit people and with money in the bank."

A managed workshop agency in the shadow of a coalmine's winding gear provided an office and parking area for £110 a week. The operator's licence cost £460 with another £1,100 for one year's insurance on the AEC.

Unfortunately, a complex piece of engineering like a coach, especially if it's ten years old, can be a breeding ground for gremlins. "The engine had just been overhauled when we bought it but after two weeks we found that water was getting into the combustion chambers." The motor was stripped down by a garage, making a mess of the job, which then had to be redone by another set of mechanics. Work on this, brakes and gearbox, cost £10,000. "It cost us twice as much to refurbish the coach as to buy it but the price tag of a new one would be about £90,000 even without the lift."

Setting up the business when no money was coming in but a lot going out took five months. Eventually, in February last year, Caring Coaches made its first paying trip taking some school children to a bowling alley. The business started off with just ten per cent of bookings from the elderly and disabled, the rest from younger, fitter groups who wanted a day out in London or Alton Towers. Now, though, the original idea has borne fruit and nine-tenths of its business comes from transporting the aged and infirm.

The company has full bookings until December and has spent little on advertising. "The catchment area for Yellow Pages is all wrong and an advert would cost £1,000," says Hudson. A few articles in local newspapers, the distribution of 100 or so printed cards and word of mouth has done the trick. "When we stop and get the lift out, people come to talk to us out of curiousity."

Getting business is one thing. Getting economic business is something else. In its first year, Caring Coaches generated £36,000 turnover and an operating loss of £1,800 and paid out nothing to its two owners. Hudson says the company hopes to reach £60,000 in its second year, partly as a result of splashing out £17,000 for a second coach, a Leyland Tiger, at the end of last year. The two owners expect to extract just £6,000 each this year. "We have been living off the redundancy payouts but that has largely gone now. We can just about live on £6,000."

The company has been creating turnover at the rate of £1 per mile driven. Shorter trips have proved more economic though the company offers an eight day all-inclusive holiday to Torquay for £145 a head. Hiring the coach for a day will cost a group a little over £200.

"Apart from the lift, we have to offer something different from other companies and that is a relatively low price." Margins are tight with the coaches averaging less than ten miles per gallon. The company employs one full-time worker as an attendant and is paid just £50 a week.

Caring Coaches remains vulnerable. "There is no money left in the bank," says Hudson. After one year's free banking, the company's local bank branch is charging it 64p for each cheque it handles which has upset Hudson. Rent on the premises is expected to rise soon and Hudson was miffed to receive a tax demand for £2,000 for last year when he took no income and the company made no profit.

Running an office as well as sharing the driving has proved awkward within EC-regulated working hours, a difficulty compounded by regular visits to the hospital where Hudson's wife is very ill.

So far, these pressures have been more than offset by the enjoyment of running his own business and providing a service to people who need it.

■ *Caring Coaches, Bolsover Enterprise Park, Station Rd, Bolsover, Derbyshire. 0246-826826.*

Computing/**David Carter**

Beginners start here . . .

THE computer innocent who is buying hardware or software for the first time faces a bewildering choice. How should you set about buying equipment for your small business? Let us assume you want a general purpose system to do word processing, spreadsheet and some accounting.

You must start with the hardware. First, read a Personal Computer magazine or two to get a feel for the jargon. But buy from local dealers, not by mail order. You will need their expertise.

Buy a PC with at least 20 megabytes of hard disk. Floppy is a false economy. If you can afford it, get an AT (that is a 286, or middle-range, processor chip) with a 40-megabyte disk. There are numerous models of PC, all basically the same. Buy something that looks solid and reliable. You want a machine that runs for ever and never breaks down.

A cheap dot matrix printer can print on continuous paper in either draft mode (which will do for spreadsheet and accounts), and on single sheet letterhead in quality mode (which is good enough for word processing and invoices).

Once a printer is set up, you do not want to change it. I have seen grown men weep because they have changed over the paper from continuous to single sheet and the computer started to print two thirds of the way down the page. To avoid this sort of thing an essential feature is "paper parking", which allows the printer to have both types of paper loaded at once.

A few cheap printers have this facility. One is the Star LC24-200. In spite of an over-clever control panel which means you will have to refer to the manual constantly in the early days, this is a fine bargain.

With software the ideal thing for the beginner is to have someone at the next desk who knows the software package. But let us assume you will be working in the evenings on your own, with no help available. In this case you are reliant on the manuals. Most software packages come with a reference manual, or "User Guide". This explains all the functions of the package. Unfortunately, information you need immediately is mixed up with information that you will never need. In practice, reference manuals are only useful to experienced users who know what they are looking for.

The beginner needs a tutorial. A tutorial takes you through a series of worked examples. It leads by the nose – telling you which buttons to press, and when. A well-written tutorial will first take you through the basics such as how to set up a file, edit it, print it, save it to disk. Then it will go on to more complex topics.

Packages for the novice should be simple in function, but detailed in explanation. There seem to be few available. PC Productions, of Stroud (0453-755200) supply a set of cheap tutorial starter-packs for the novice user. The word processing package (70,000 claimed users) costs £29.95 and the spreadsheet £39.95.

These packages do not offer all the bells and whistles but are perfectly adequate for most people. The tutorial manuals are attractively produced in hardback. On occasions, I felt that they attempted to explain too much. . But it is difficult to get this exactly right, and on the whole these tutorials make an honest attempt to deal with the needs of the novice. They are cheap and can be recommended.

One suggestion: the tutorials give separate instructions at the beginning dependent on whether you are using a single floppy, twin floppy or hard disk machine. In order to avoid confusion, first find and cross out those sections which do *NOT* refer to your type of disk.

Finally, PC Productions is also the source of Peter Harrison's much praised *PC Crash Course and Survival Guide* which attempts to "teach you the least you must know" when it comes to using DOS commands and IBM-compatible PCs.

Alternatively, you can try a cheap commercial package. I would recommend PFS-First Choice (RRP £159), which combines word processing, spreadsheet, database and graphics. First Choice is an excellent integrated package which is not too complex for beginners. It was originally designed by Software Publishing Corporation and is now marketed by Spinnaker.

SPC manuals are the best in the industry and I found the First Choice tutorial absolutely clear and unambiguous. Unfortunately, it only gives you a "quick tour" of the package, illustrating the principal features. The remainder of the User Guide is a reference manual. So you may need to purchase one of the self-teach books from specialist US publishers.

There is *Understanding PFS: First Choice*, by Gerry Lytton, published by Sybex (sold in the UK by Pitman, 071-379-7383); *Using PFS: First Choice*, by Katherine Murray, published by Que (Computer Bookshops, 021-706-1250); and *Using PFS: First Choice* by Gail Todd, published by Osborne McGraw Hill (0628-23432).

Remember that customers of PFS products are given free technical support in perpetuity, so establish contact with the help desk at Spinnaker (0604-632533) from day one.

Finally, make sure the dealer sets up the whole system at your office, and prove it works by printing out some text on the printer. Only then part with your money.

LEGAL NOTICE

No. [illegible] of 1991
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
BETACOM Plc
- and -
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 24th May 1991 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the Share Premium Account of the above named Company by £3,251,000

AND NOTICE is further given that the said Petition is directed to be heard before the Honourable Mr Justice Mervyn Davies at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 8th day of July 1991

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the Regulated Charge for the same.

Dated this 25th June 1991

Clifford Chance
Royex House
Aldermanbury Square
London EC2V 7LD

RWC/KO

Solicitors for the Company

dept in [illegible]

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PROPERTY

The rental market goes semi-detached

John Brennan finds that with London property prices stalled, the middle classes have discovered the joys of letting

UNTIL THREE years ago lettings departments were treated as the poor relations of the sales staff in residential agencies. How times have changed. Now rental work is a critical source of stable cash flow for an increasing number of agencies.

That change of attitude can be traced to mid-1989, when the brakes began to lock on housing sales and the easier renting rules outlined in the 1988 Housing Act started to encourage more private rental property into the market.

On the one hand, this change of attitude ensures a wider choice for people who want to rent, and more options for investors in need of letting management services. On the other, it means that a mass of well-meaning amateurs has moved in to both sides of the business.

There is ample evidence of the increasing number of amateur landlords and non-traditional tenants. The right of property owners to create tenancies on an "Assured" or "Assured Shorthold" basis on lettings made after January 1989 has allowed them to charge open market rents without the risk of tenants acquiring security of tenure. Recent studies by the London Research Centre (LRC) support the view that this deregulation of rents, in tandem with the sales slump, has reversed the long-term decline in the number of private properties for rent in London.

Thirty years ago one in three Londoners rented their home from a private landlord. That proportion fell to less than one in ten by the mid-1980s and a disproportionate number of those occupied older, less well-maintained homes where landlord and tenant had become locked into an uneconomic impasse of historic rents and under-investment.

It remains to be seen whether it is the relaxation of rent law or the stalling of the sales market that provides the main impetus behind the increase in the number of homes for rent. But there is a clear pointer in the LRC's sample borough survey of Islington, where "the vast majority of these 'extra lettings' involve properties let out on a short term basis in the expectation of sale in the relatively near future," according to the survey.

Many owners who would have preferred to sell have become reluctant landlords. Equally, a growing number of prospective buyers have been renting and taking their time sifting through the market.

The equivalents to these amateur landlords and tenants are those agencies where sales staff have been drafted into the new lettings departments. That job-change has not always worked.

Liz McCallum, lettings director of John D Wood and a council member of the 250-strong Association of Residential Letting Agents (ARLA), confirms the problem. "There are instances of firms setting up letting operations by getting an office junior to deal with management, and it just isn't that simple."

ARLA, in its tenth year as a national association, has done much to raise the level of professionalism in the lettings business. Members have to prove their experience in residential management, they need to have professional indemnity cover and show that they maintain separate audited client and business accounts. They are also expected to operate from an office, not from home. "That is merely to demonstrate that they are going about it in a businesslike way, not operating from the kitchen table and treating it as a game," explains McCullam.

Members are interviewed to check their knowledge of tenancy agreements, tax liabilities, and management. They are asked, for example, how they would respond if a prospective tenant's references show him to have a newly-opened bank account. Should they tell the landlord that there is an area of doubt, or just do the deal? And what should they do when, at 6.25 on a Friday evening, a distraught tenant rings to say that the ceiling is leaking?

The answers mark the experienced lettings agents from the amateurs. While there is no sure-fire way for a landlord to sift the one from the other, ARLA (071-734-0655) provides free lists of members to help steer property-owners away from the kitchen table brigade.

Vetting landlords has not been part of the job. But times change. Just as sales agencies have been running into problems when trying to collect fees on properties effectively owned by private companies – many registered abroad – so the letting specialists are beginning to run into problems where they have let the homes of financially distressed owners.

When individual owners want to take possession of their property they have to give tenants a couple of months notice. But when a mortgage lender repossesses a property that has been rented tenants can find themselves ordered out immediately. ARLA has made representations to the Council of Mortgage Lenders to try to convince its members to honour existing letting agreements and to take the rent while a sale is organised. But few banks and building societies have dropped the heavy-handed approach to repossessions that applied when defaults were rare and regarded more as a breach of trust than as the unplanned consequence of over-commitment.

Having more properties available to let and more non-traditional renters around has prevented any dramatic movement in rents, and as far as the core market of residential investment properties is concerned, the expansion of the sector has had little direct impact on values. What has happened is the emergence of a three tier rental market.

Pre-1989 there were two unrelated layers. There was the dilapidated rump of the rent-controlled private sector and, in sharp contrast, there was the high value, predominantly London-based international corporate rental market. Since 1989 the missing middle layer of family homes and flats, together with a small number of investment-inspired purpose-built or refurbished homes for rent, has been added. Only a small proportion of that middle layer is of a quality to add to the choice of accommodation for business-financed rentals and, in any event, much of that extra supply has been counterbalanced by increased demand.

Apart from the increased number of prospective home buyers who have decided to sit on their cash and rent while they shop around, Hampton's recent national lettings survey shows that business-financed rentals are increasingly common. Corporate relocations have boosted the number of these deals outside the capital.

In London the residential price slump has deterred overseas executives from dabbling in the local housing market. In the past new arrivals were encouraged by the experience of their predecessors to borrow, buy and resell at a profit when it was time to leave. In the 1990s these temporary Londoners are warned off by tales of colleagues who left years before but who are still locked into London with unsold homes and growing debts.

Hampton's figures suggest that while the majority of top-tier rentals of country and outer suburban properties are to British tenants, London remains an international market. Americans still set the pace, accounting for over a third of lettings. Continental Europeans make up a further quarter of the total and Far Eastern clients account for just over 10 per cent.

McCullam reports that, although US corporations generally insist that their staff rent rather than buy, they have also been keeping a tighter rein on rent allowances. "We are seeing the effects of the American recession. Companies are becoming a lot more hard-nosed about making offers on properties and people posted here are finding that their rental allowances are that much tighter. You are seeing families where there would have been a rental allowance of, say, £500 a week asking what they can find for £450 a week."

On a pure investment basis, lower property costs more than compensate for any softening in rents and, after allowing 15 to 17.5 per cent for letting fees and management, 6 to 8 per cent returns (before financing costs) compare well with the 4 or 5 per cent net commonly quoted in the late 1980s. The big difference is the likely capital growth.

Buying to let only makes real investment sense once you add capital growth to the equation. Even after offsetting all possible allowances and tax breaks, rents only provide part cover for the financing costs of purchase and fitting out. But bolt on a 10-20 per cent annual uplift in resale value and the numbers look impressive. Leave that out and you have a steady loss-maker. So the strength of the rental investment market reflects owners' medium and long term confidence in a recovery of prices.

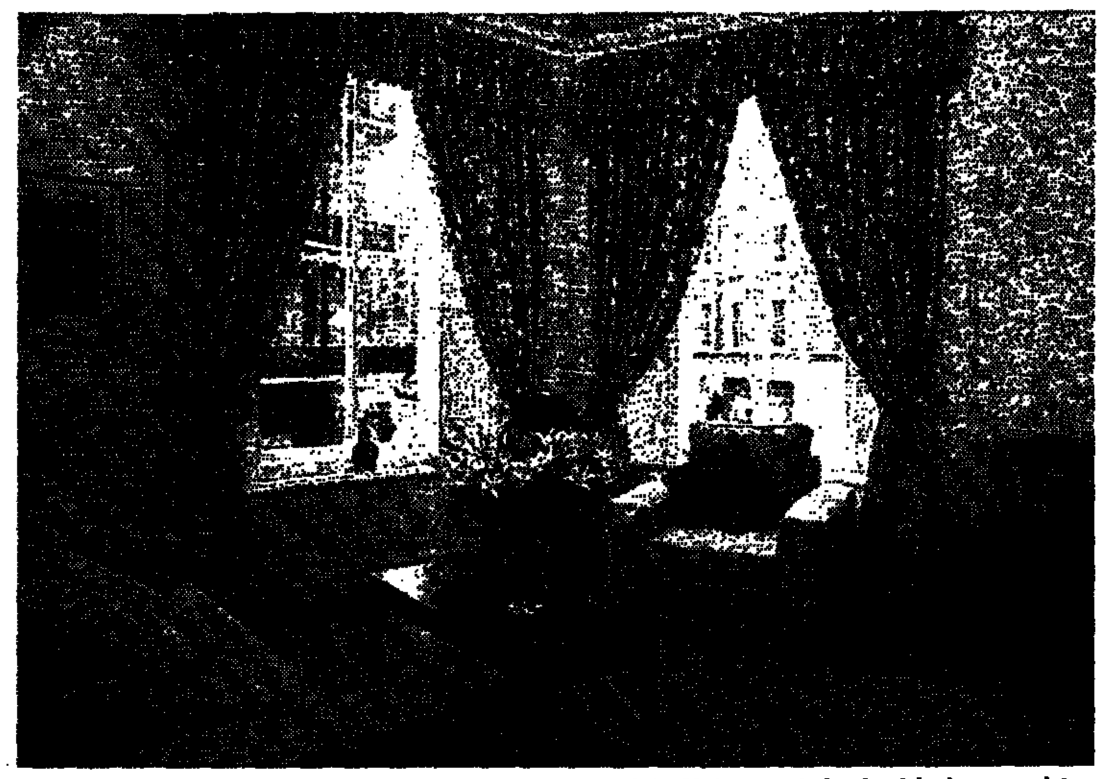
Just how long a view they take depends on their perspective. And there is evidence that overseas investors at least regard prices in London to be at or near their low point. Expatriate buyers who were wary of the UK residential market last year have been buying, with a significant renewal of interest from Hong Kong, where the 1997 handover to China is casting a growing shadow on the colony.

After a sales tour of Singapore Debenham Tewson Residential reported "phenomenal interest" on the assumption that the UK market had bottomed out. Purchasers using dollar-linked currencies have the benefit of an additional 15 per cent discount on sterling denominated values since November.

As McCallum says, even when the immediate investment returns are negative, expatriates in particular like to have a foothold in the UK housing market and, on a four to five-year view, most feel confident that a purchase at today's prices must come good.

Not that they are the only source of medium to long term investors. There is a steady market for flats bought by parents and grandparents for the eventual use of children, many of whom are may be years away from leaving school. "It is not always a matter of investment returns," says McCallum, "people like to have some money in a thing that they can see, something tangible that has a solid feeling about it."

Purist investment analysts invariably decry the premium value that still is accorded to bricks and mortar. They point out that few owners make anything like full allowance for the true costs of acquiring, fitting, managing, maintaining and eventually reselling their house or flat. But an irrational premium is no less of a premium, and it is enough to close the yield gap on residential investments for sufficient buyers to keep the demand for the best properties for rent consistently ahead of the supply.



Rents on Gloucester House in central London range from £200-£300 a week for furnished one and two bedroom flats. The agents are Farley & Co (071-589-1244)

Two per cent are in a daze

SOME home-buyers and sellers are so bemused by the whole experience that they wander the housing market at random, according to a mini-survey by Halifax Property Services.

The Halifax found that, while first timers kept track of the properties they view and commonly visit between three and six, a couple of per cent of existing homeowners making a move had simply "lost track" of the number of properties they had seen. This may well be the same body of uncertain souls who claimed that they "do not know" why they are selling their current home.

Most of the rest of the marketplace seems to be populated by rational buyers and sellers. Price, location, and size turn out to be, as one might expect, the top three deciding factors on the choice of a home. Three quarters of the buyers restricted their search to an area no more than 10 miles from their existing house. Two to six months turned out to be the average time taken between deciding to make a move and completing a deal, and more than half of all buyers make an offer only on the home they eventually buy.

Excluding those eccentric "don't knows", most sellers want more space, a better neighbourhood, or a move nearer to their work. Since the survey was set by the 650-office Halifax estate agency there is a weight of information on movers' choice of agency, much of which confirms age-old truisms. While more sellers claim that reputation, professionalism and efficiency are the most important points in a local sales agent, four in ten made their choice on a basis of selling costs.

In any event, buyers – especially first timers – turn out to be less bothered about quality of service than the convenience of the agent's offices. Buyers just shop around, with almost a third using four or five agencies. The importance of having a high-profile office is underlined by the fact that a third of the buyers surveyed had found the home they wanted by window shopping. "For sale" boards still work well – especially in the north – as do advertisements in the local press, word of mouth, and agency mailing lists.

J.B.

COUNTRY PROPERTY

LONDON PROPERTY

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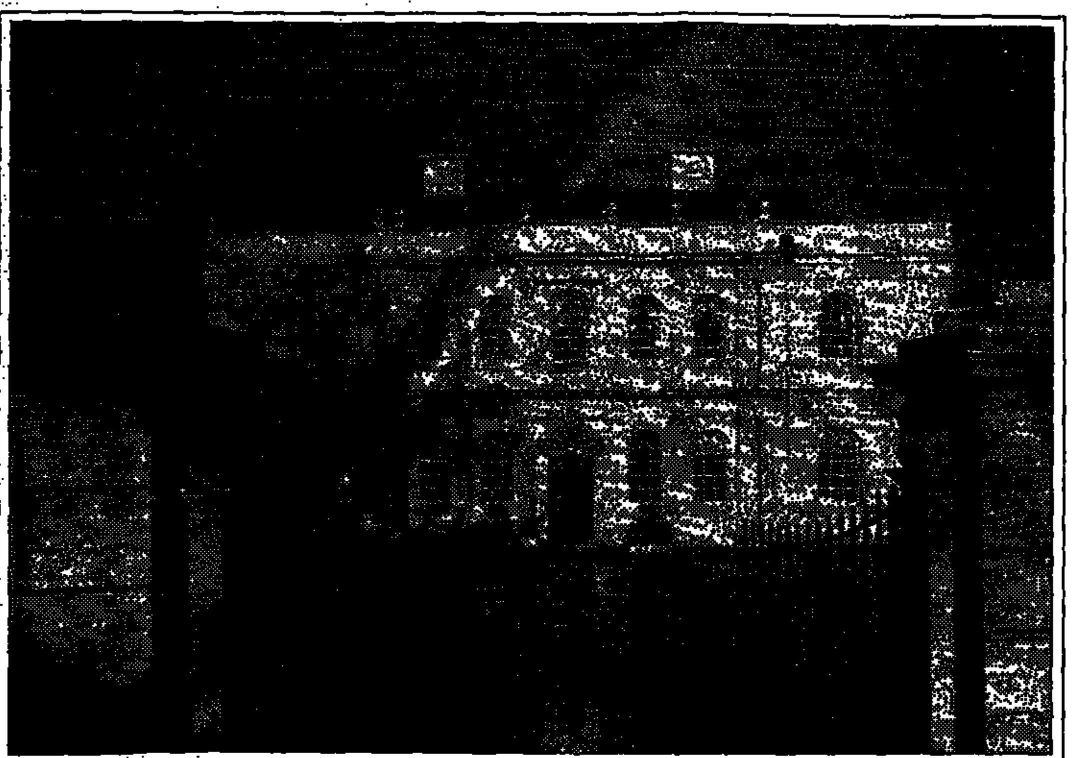

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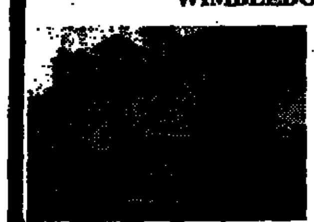

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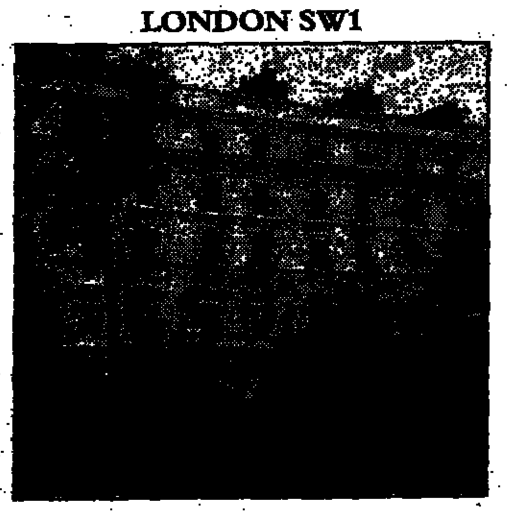

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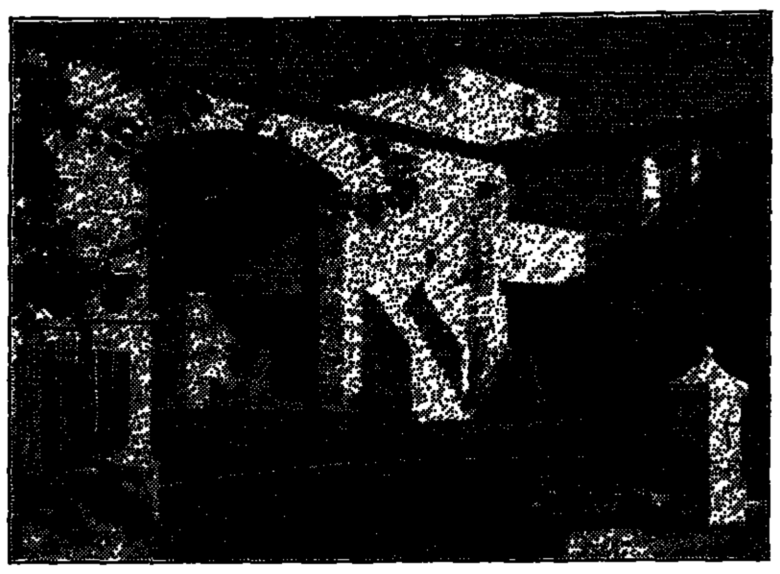

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SPORT

Tennis/**John Barrett**

Still waiting for normal service at Wimbledon

NO-ONE who was there will ever forget the first week of Wimbledon's 105th meeting, although many of us would like to.

For the fifth time since these championships began in 1877 the first day was completely rained off. But it was not the worst start in history. In 1888 the first two days were lost, plus a third day during the second week. In 1922, the year of the move from the old Worple Road ground to the present site in Church Road, it rained every day of the meeting, which was finally concluded on the third Wednesday.

The defending men's champion and top seed, Stefan Edberg, whose first round encounter with the tall Swiss Marc Rosset had started a day late on Tuesday and was completed on Thursday, nearly 73 hours after its scheduled start, summed things up. "Yes," he said, "it is getting a little frustrating, but after two or three days you just have to laugh about it – that's the only thing you can do, I guess."

Edberg certainly had the last laugh on the other men's seeds. His 6-4 6-4 6-4 win – completed in four segments spanning only 87 minutes of playing time – had given him the opportunity to sample the bounce of the Centre Court which was playing remarkably well, considering the conditions.

The ball was coming through low, as it always does while the grass is still sappy, but the surface was flat and surprisingly firm even without the effects of prolonged sunshine. In spite of having to prepare on indoor courts, Edberg's timing on the slick grass against one of the fastest servers in the business was exceptional.

The defending women's champion, Martina Navratilova, had looked far less certain on Tuesday. Her 4-6 6-2 6-2 win against Elna Reinach of South Africa was her 100th singles victory at Wimbledon, a record for men and women, but its manner hardly deserved special celebration.

"I was lucky to win out there," admitted the nine-times champion. "I don't ever remember being three times a break down in the final set and winning. I guess that's something of a record."

Navratilova's timing was uncertain and her confidence at a low ebb so that her serve, usually a weapon of destruction, became something of a liability as it dropped short and was pounced on by an eager opponent.

It was only the unsettling thought of the momentous upset that she was about to achieve that caused Reinach to freeze on her lead of 4-3 30-0. So near to immortality (the top-seeded woman has never been beaten in the first round), the tall South African could win only one more point as the increasingly confident champion swept through.

By Thursday evening Alan Mills, the Referee, was considering a programme of matches on the middle Sunday for the first time in the tournament's history – in spite of the problems which that would entail.

At that stage he had completed only 52 matches – 46 on the first three days, only six on Thursday – and still had 612 to schedule to complete all events. This was the worst four-day total ever. In 1985 the first three days produced only 42 results but a sunny Thursday enabled 66 matches to be completed to bring the four-day total to 108.

In these circumstances the decision to reduce the men's doubles to the best of three sets up to the quarter-finals and to play the first rounds of the boys' and girls' singles at the Bank of England sports ground in Roehampton next Monday, as well as to restrict the two junior doubles events to 16 pairs, was inevitable.

It was equally inevitable that fundamental questions would be asked by a frustrated public about certain aspects of the world's oldest and greatest tennis tournament.

For example: is it time to rebuild the Centre Court with a sliding roof, like the modern arena in Melbourne, so that some play would always be possible? Should the ticketing policy be changed so that spectators suffering a complete wash-out would have their money refunded? Should there be a greater gap between the end of the French championships and the start of Wimbledon – three (or even four) weeks, perhaps, instead of the present two?

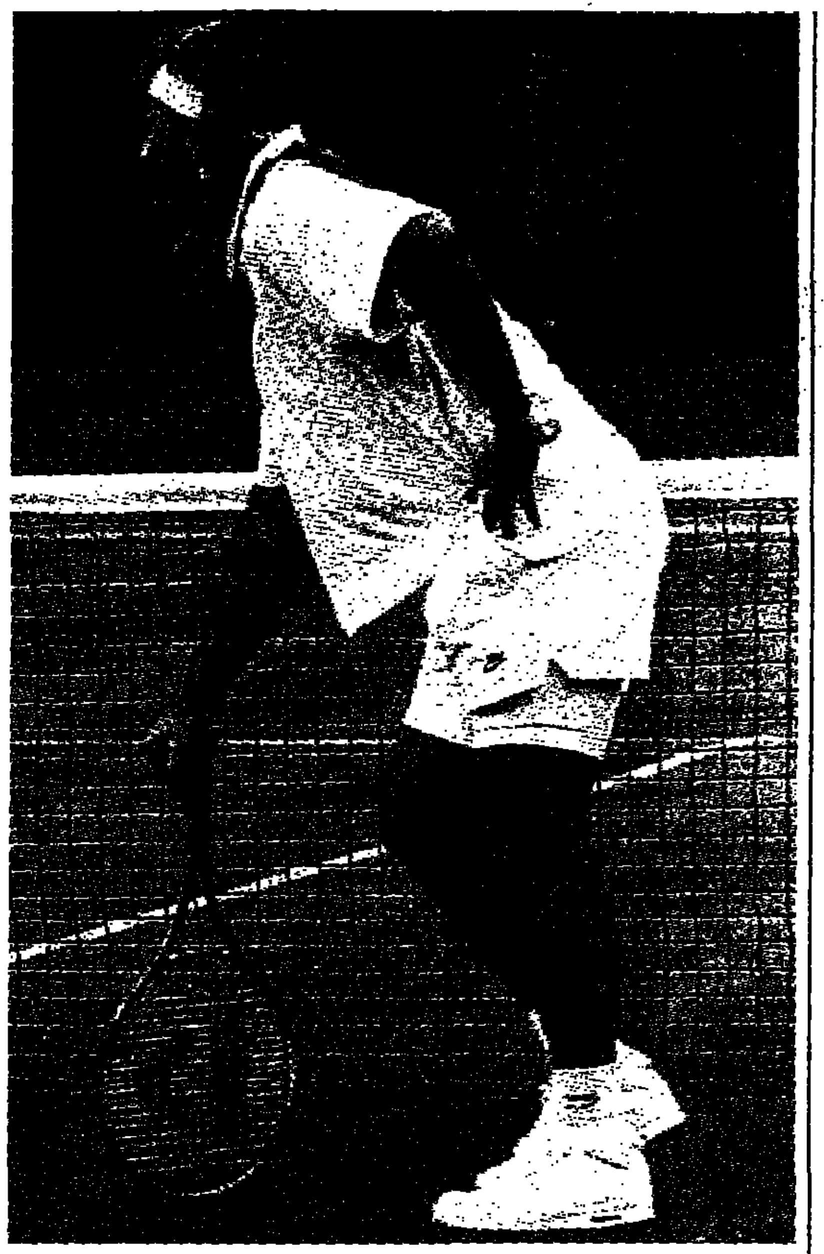
This last proposal had been offered by the Wimbledon committee two years ago and found favour with a majority of the players. However, the two players' organisations were not then prepared to fight against the European and American tournament directors whose events would disappear if the Wimbledon dates were changed. Two coyly-worded statements issued on Thursday suggested that the ATP Tour and the Women's Tennis Association would now be prepared to consider the proposal seriously. At last they seem ready to fight for what everyone knows is right.

It was left to Andre Agassi, the controversial and colourful American, to lift the gloom of a dismal week. His first Wimbledon appearance since an opening-round defeat at the hands of Henri Leconte of France in 1987 was delayed until Thursday but the buzz of excitement surrounding his Centre Court appearance against the Canadian Grant Connell was unmistakable.

Would Agassi abide by Wimbledon's predominantly white rule or wear something daringly different? How would he perform on an alien surface after only a few days' practice on grass at the ATP headquarters in Ponte Vedra, Florida?

The 21-year-old answered both questions with style and skill on Thursday. His dress – even the customary cycling shorts beneath his tennis shorts – were choir-boy white, as was his headband. What a delightful prospect that presented, as far removed from the punk pop-star pinks and blacks of Paris as the Rolling Stones are from Pavarotti.

By letting his tennis skills do the talking, Agassi has won a new generation of fans – even among the middle-aged bozos who came to condemn him. Some of his blazing winners on flailing forehand and double-handed backhand left Connell gasping as he raced through the second set to level the match. Yesterday, between rain delays, Agassi slipped a set behind again, before winning the last two sets and the match: 4-6 6-1 6-7 7-5 6-3



Whiter than white: Agassi provided flashes of brilliance between the showers

Rugby/**John Hopkins**

Odd boy who took the game in hand

IT IS SUPPOSED to be the height of summer, and the middle of rugby's close season. Yet when you look around, what do you see? Russia and Romania have just completed tours of New Zealand. Soon France will travel to the US. Wales are in Australia preparing for the first game of their tour and tomorrow England also leave for a tour of Australia.

The best indication that this is an exceptionally busy time for rugby will come this afternoon at Rugby School. At one end of the Close the school's cricket first XI will be playing the MCC in the 150th Tom Brown Memorial match. (Thomas Hughes, the author of *Tom Brown's Schooldays*, represented the school in this match in 1841).

At the other end of the Close, boys from the school dressed in period costume will re-enact a game of football as played in 1823, including the famous Webb Ellis incident when he caught the ball and ran with it, which is supposed to be the birth of modern rugby football. The ball used in today's game will then begin a 6,000-mile relay around France, Wales, Scotland and Ireland before reaching Twickenham 13 weeks later in time to mark the start of rugby's World Cup.

Inside the ball will be a message from the school's headmaster that will be read during the competition's opening ceremony.

"It won't be long, it can't be," said Michael Mavor, sitting in the same building as his predecessor, Dr Thomas Arnold, used more than 150 years ago. He held up his left hand with the forefinger and thumb barely 6 inches apart. "No longer than that. Just a few sentences, really."

Mavor is new to the castellated, creeper-clad headmaster's house. He was appointed last September. A Cambridge graduate, he was a slim and slight openside flanker in the mid-1960s, occasionally representing the university though not often enough to get a blue. Mike Gibson was university captain in Mavor's first year, and Gerald Davies and John Spencer, British Lions all, were among his contemporaries.

"Because rugby started here it would be wrong to assume it is given more importance than any other game," said Mavor, a Scot who was previously headmaster of Gordonstoun.

"Rugby is a lot of fun. It has the virtue that the boys enjoy it and it provides great continuity after school. But I don't think everyone enjoys it and I think people read too much into it as a character-forming game. I suspect the best team game is a play. I would be horrified if the school were known simply as the place where rugby started."

Also opening this afternoon is a museum showing life at Rugby down the years. Memorabilia of rugby will feature prominently. Eventually there will be on display manuscripts of the game's earliest rulebooks, some early footballs, the first seven or eight illustrations of football, some early caps and so on.

But last Tuesday it was far from ready and Jenny Macrory, the school's archivist, stood amid the clutter of saws, drills, sawdust and trestles, displaying the stoicism that comes naturally to a Briton. A resigned smile spread over her face as she looked around.

"The mayor's supposed to be coming at 6pm on Friday," she said looking around. "Heaven help him."

No one knows as much about Webb Ellis (at least during the time he was at school) as Macrory, the author of an excellent book called *Running with the Ball* about the early days of rugby at Rugby.

"I'm sure Webb Ellis grew up into a nice chap but at school he was not well-liked. He was" – there was a particular tone in her voice – "ambitious to be thought something of," she said, quoting the words used by Matthew Bloxam, a local lawyer and antiquarian whose account of football at Rugby in the 1820s was published in *The Meteor* in December 1880 and is considered the authoritative source document for the Webb Ellis incident.

"When at school," wrote Bloxam, "Mr Ellis was not what we should call a swell, at least none of his compeers considered him as such . . ."

Furthermore, the man who is considered to have founded the game that its more pompous advocates suggest is based on fair play and decency, might have been a cheat.

According to Macrory, Ellis is thought to have been helped by his mother with his entry for the school's Latin prize in 1822. He chose for his text *Dux femina facti*, which may loosely be translated as *cherchez la femme*, and the masters thought that was a hint that his mother had helped him in the composition. He did not win the prize, although he did win the school's second leaving exhibition, which provided him with a generous sum while he was an undergraduate at Oxford university.

While we are destroying myths, we might as well destroy another. Webb Ellis was not his surname even though it appears to have become so by popular usage. His father was Captain Ellis and was killed in 1812 when William was very young.

Webb was his mother's maiden name. Ellis went through school known as Ellis. Macrory believes it was only later that he started referring to himself as Webb Ellis, perhaps as a tribute to his mother's influence.

After Oxford, Ellis took holy orders and became rector of St Clement Dane's Church in the Strand in London. When his mother died he erected a plaque there, which said: "A mother whose piety is recorded in Heaven and requires no praise upon earth . . . Her spirit rejoices in God her Saviour. Let my last end be like hers."

If this is Cork it must be sushi

Kei and Werner Pilz: Putting Japanese food on the map in Ireland's wild west

THE PRIZE is all the raw fish you can slide down your throat and all the saki your liver can stand.

Question. In which country is the *Shiro* Restaurant? A clue. *It* is in a village called Ahakista.

Simple? No problem at all? It must be Japan. Bring on the multiple plates of sashimi. Put the steaming bottles on the table. If only all life's questions were as easy.

Wrong, my friend. A cruel trick. You had better order the stew and brown ale instead.

The Shiro, at Ahakista, is on a wild peninsular in the wildest reaches of south west Cork, in Ireland. The sort of place you only find if you are well and truly lost. The rain is lashing at the screen. There is no life in sight. The sea *down below is whipping itself up into a* frenzy. A piece of the Empire state building, freshly blown in across the Atlantic, has just gone by.

At the bottom of a dimly-lit driveway, there is a sign. "Shiro Japanese dinner house. Reservations only." It is like coming across a Roux brothers restaurant in a Pyonyang backstreet.

Things become more surreal as the evening progresses. Werner Pilz, a 72-year-old *Berliner*, greets you at the door, dressed in a Japanese apron. The table is immaculately appointed, Japanese fashion. The sort of place where the presentation is so perfect you do *not know whether to eat the food or pin* it on the wall. The room is your own.

The courses come and go. Zensai – a collection of appetisers. Moriawase, an egg and sushi dish. Suimono, a Japanese seasonal soup. Then, half bloated, it is on to tempura and a dish of sashimi that is outstandingly, mouthwateringly, fresh.

Time to unravel some of the mystery of it all. Werner, a former Luftwaffe *pilot and textiles engineer, met his Japanese* wife, Kei, in Berlin in the 1960s. Werner was retiring and looked at various hideaways, ranging from Alaska to Australia. He chose Ireland and asked Kei and two sons to join him.

"At first I thought there was only fighting in Ireland," says Kei. "Then there seemed to be only bacon, cabbage and potatoes to eat." There were other problems. One son had to go to the local school armed with *only one sentence in* English: "This is a dog".

But Kei stayed and now would not contemplate living anywhere else. The son has moved on from his canine English and is studying at Oxford.

The cost of living in Ireland, plus a desire to do something adventurous, persuaded the *Pilz's to open a restau*rant. Nine years ago they served their first *Masu-Yaki* "gently grilled wild sea trout, being a speciality of Sapporo, served in boiled ginger, with lemon and fresh vegetables". The Shiro has been booked out ever since.

Pictures of a former Irish prime min*ister, cabinet members and film stars* crowd the walls. Shiro is small: at the most nine people can be accommodated. As a result, reservations are often made months in advance.

Kei does all the cooking, Werner buys *the goods, runs the house* and waits on table. "Never before in my life had I worn an apron," says Werner. Yet Kei says that in all his years of serving, he has only once dropped a dish.

Kei finds that Ireland has changed considerably in the years she has lived in the country. A wider selection of foodstuffs is at last beginning to penetrate to country areas. While some ingredients still have to be imported from London or Tokyo, most are now available within Ireland.

People have become less conservative about what they eat. The Irish have never been great fish eaters. Now some are downing the raw variety with scarcely a second look. But not all. The Shiro visitors book is a paean to the culinary delights on offer. However, one customer obviously found things a little *too much*. "I did not enjoy your food, but it was an experience."

■ Shiro Japanese restaurant, Ahakista, County Cork, Ireland. Tel: 027-67030.

Kieran Cooke

Food that fights the squeeze

Why do some restaurants beat recession and others fail? Nicholas Lander on four survivors

A STRANGE alliance of English towns – Bury, Lancashire; Godalming, Surrey; Langport and Taunton in Somerset has produced a collection of men, and one woman, who own and manage London's most popular restaurants.

Jeremy King and Chris Corbin at Le Caprice, W1, Simon Hopkinson at Bibendum SW3, Nick Smallwood and his partners at Kensington Place W8, and, just across Kensington Church Street, *Sally* Clarke at Clarke's, have not only built up successful businesses during the 1980s but

Le Caprice

have also survived the past six months.

There is no doubt that the first half of 1991 has been cruel to many London restaurants. January, February and March, never a good quarter, were worse than ever because of bad weather and the Gulf crisis.

The recession affected both lunch and dinner trade. *Companies cut their enter*taining budgets and expense accounts; individuals, paying with their own money in the evening, responded by eating out less frequently and moving down market.

The 2½ per cent increase in value added tax in the Budget came as margins were already being squeezed. According to *Caterer and Hotelkeeper*, the main restaurant trade magazine, one London restaurant a day was closing its doors for the last time this spring.

Yet booking a table at any of the four *restaurants I have mentioned has not* been any easier. There have been some quiet nights but, according to Clarke, the recession lasted just three weeks; during one week in May Le Caprice reported takings higher than any time since it opened in 1981 and Kensington Place has been just as full. Bibendum, the most expensive of *the four, temporarily lost a few customers* but only to its oyster bar on the ground floor.

None of these restaurants is perfect. Eating out is such a subjective pleasure that you could certainly have a disappointing meal if you were unlucky. But because of their owners' hard work, experience and *sensitivity these four restaurants are obvi*ously doing a lot of things well.

All four share some characteristics: good locations to keep them busy at lunch and dinner; SW3 and W8 addresses mean the premises can act as business venue or local restaurant, Le Caprice is on the ground floor of a block of flats in Mayfair.

Each restaurant is privately owned, with the partners directly benefiting from the long hours they choose to work. None bears the often quite obvious stamp of a corporate identity. Small is beautiful, and *profitable*.

Not only are all the proprietors English, they also fall into a narrow age bracket, between 35 and 45. This youthfulness

THE IVY

hides, however, a wealth of experience. King started at Joe Allen's in Exeter Street, London, when he was 20, Corbin at Langan's in Mayfair; Hopkinson was an Egon Ronay inspector for two years in the late 1970s before he started cooking, Clarke has been at the stoves 11 years. *Smallwood was the first general* manager of the Hard Rock Cafe where in 1971, his chef Rowley Leigh worked with Albert Roux for eight years.

This vast experience may explain why the success of these restaurants lies in British, rather than French, hands. The cooking in all four is good, often excellent. *It is never, however, the only reason for a* visit. None is a temple of gastronomy, in spite of the fact that Clarke is chef/proprietor and Hopkinson the public face of Bibendum. Their names are on the menu, *their neck on the chopping* block, their egos well hidden.

They all acknowledge the debt they owe France but have absorbed alternative influences, often by eating around the world. Le Caprice shouts New York, Clarke's California, Kensington Place and Bibendum raise their hats to Italian pro*duce and wine*.

Their wine lists take advantage of the best from England's wine merchants and cover the globe. *These*, and the menus are

KENSINGTON PLACE

carefully annotated in English, the language the majority of their customers and staff speak, although Hopkinson occasionally invents his own with such dishes as Baltic herrings *à la creme*.

There are certain commercial similarities. Although not in the original plans, three of the four restaurants, Caprice, Kensington Place and Bibendum are open seven days a week, and most bank holidays for lunch and dinner.

This spreads the high fixed costs of operating in central London and does mean that the customer never has to think twice about booking since they are always open. Nor has any of them put their faith, or money, into the hands of public relations companies to attract business.

Each restaurant, too, has another string to its bow. Kensington Place and Le Caprice have sister restaurants, Launceston Place and The Ivy respectively, and Bibendum has its oyster bar.

Clarke's has a shop next door which, on a busy Saturday, can sell £2,000 worth of bread and pastries made in its Ladbroke Grove bakery. There is some protection from the cyclical nature of the restaurant trade.

Such enterprises obviously demand good top management and long hours. King and *Corbin make it a policy that neither of* their restaurants is open without one of them being there. Their average working week on a fortnightly rota is 65 to 70 hours, then 75 to 80 hours.

Technology has also been put to good use. As well as the ubiquitous electronic cash registers, Caprice has its own computer programmes and a link to The Ivy via computer, modem and internal *telephone*.

Such dedication has over the years brought some very loyal followers.

One such customer from the US recently phoned Clarke's to make eight bookings for her two-week stay in London. These restaurateurs have also cultivated the same loyalty from their staff in an industry which has a reputation for high staff turnover.

Customers always like to be reassured

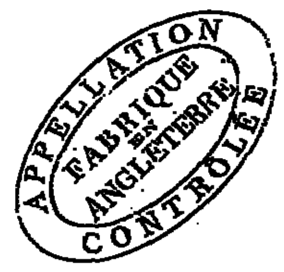
CLARKE'S

by familiar faces, if the boss is on holiday, and to be personally, and personably, welcomed. Such sound management *structures are the norm in most industries* but still sadly lacking in many restaurants.

An awareness of their own *raison d'être* has also been important. King described his restaurant as a catalyst for people to have a good time be it business, social or amorous, and his job to keep the package *going*.

Such an occupation does bring rewards but at a price. When at 5pm, half way through her working day, I asked Sally Clarke if the job still brought pleasure, she said: "Yes, but we've all dug our own graves."

England's wine growers play the name game



THE ENGLISH *wine industry* is *busy devising* its own equivalent of France's *Appellation Contrôlée* scheme in time for this year's grape harvest but is having difficulty finding a suitable name.

"Quality wine" was the term initially suggested for those wines with a Brussels-approved stamp of superiority over mere "table *wine*", as all English wine has so far been called, but no-one likes it much. It is not only bland but the Germans have rather devalued the term "quality wine" since they apply it to all but about 10 per cent of their crop, the most notable *Qualitätswein being* our old friend Liebfraumilch. Any suggestions?

The scheme is being introduced not because the wines themselves have passed some magic threshold of quality, but because total English wine production is fast approaching the 25,000 *hectolitre quantity* threshold above which Brussels can ban new vine plantings if nothing but table wine is produced.

France's *Appellation Contrôlée* system has worked well for decades, effectively signposting the best wines produced *with hundreds of* different geographical names, the smaller the area denoted by the AC, the better in theory (and usually in practice) the wine. Thus a wine which has the appellation Pauillac (a village) is generally better than a *Médoc (a sub-region)* which is invariably better than an AC Bordeaux (the region).

No-one could accuse the proposed English wine scheme of over-ambition. I searched the Ministry of Agriculture, Fisheries and Food's consultative document in vain for reference to AC Lamberhurst, or even AC South Downs. There will be precisely two "specified regions", one being England, the other Wales. At least there should not be too much difficulty in drawing up the boundaries, but it would be *nice to think that* the English wine industry could eventually field some regional characteristics to justify more specific designations.

It is hard to believe for example that the wines of West Yorkshire are *indistinguishable from* those of Somerset. In one respect at least the English wine industry is vastly superior to the French: its wine policing system.

The tasting tests and analyses involved in this new scheme will be run by the industry itself, but the regulations will be enforced by the Wine Standards Board. This independent body already boasts nine inspectors, part of whose job is supervision of the relatively minute English wine industry. To rival this level of inspection per litre of wine produced, France's quaintly-named *Service de la Repression des Fraudes* would have to employ 21,700 inspectors. *It* employs 40.

Jancis Robinson

Buying wine en primeur

INITIALLY the prospects of *en primeur* sale of the excellent-quality, record-quantity, lower-priced 1990 clarets were clouded by the successes of four out of the five preceding vintages that *had been widely bought*, particularly the 1989s. However, disastrous Gironde-wide frosts in April altered the picture. This is not so much because of the sharp shortfall of the scarcely-wanted 1991 vintage, but because of possible dam*age to the vines, affecting both* quantity and quality of the 1992s.

Three main reasons exist for buying *en primeur* clarets that, *for the most part, will not be* mature for many years: that they will be a profitable investment; that later they will be dearer in real-money terms; and that they may be difficult to acquire and are now in more reliable condition *than if bought later. For the* 1990s, there is currently little validity in the first point, doubtful validity in the second, and a fair point for the third, especially for the cheaper wines.

Nevertheless "opening offers" are now widely available here, and the table gives *the comparable prices of* 40 internationally known châteaux offered by a representative 10 merchants experienced in this trade. It may also help potential buyers to assess the prices of other merchants.

Most prices are ex-château, to which must be added shipping, insurance, duty (now £10.85 a dozen), VAT (currently 17½ per cent) and delivery. This may add a further £6 to £8 a case. However, Corney & Barrow, Justerini & Brooks and The Wine Society include shipping, insurance and delivery, while Hungerford Wine claims to match any ex-château price lower than its own, subject to stock availability.

Edmund Penning-Rowsell

What price the 1990 Clarets?

	Avery**	Berry and Rudd	Bibendum	Corney and Barrow *	Philip Eyres	Haynes Hanson and Clark	Hungerford	Justerini and Brooks *	Lay and Wheeler	Wine Society
Pauillac										
Lafite	399	440	425	400				430	447†	415
Latour	381	420	395	420		380	460	425	406	415
Mouton-Rothschild	389	420	395	420			475	425	447†	
Pichon-Baron	171	187	166	176	168	172	195	189		
Pichon-Lalande	192	190	166	195	174	179	199	195	184	180
Grand-Puy-Lacoste	144			118	103	109	118		112	115
Lynch-Bages	171	179		168			185	185	175	
Clerc-Milon	102						108			105
St.Estephe										
Cos d'Estournel	189	190	166	185			192	189	180	180
Montrose	144	156		150	168	141	153	156		
St. Julien										
Léoville Las-Cases	208	202	199			187	210	212	195	195
Léoville-Barton	120	125	100	120	108	114	123	124	117	120
Léoville-Poyferré			120				132			
Ducru-Beaucaillou	208	192	166	176	168	176		195	189	
Gruaud-Larose		195			168		195			170
Langoa-Barton		110				102			106	110
Talbot		139	125		123					
Beychevelle	156						159			
Margaux & Haut-Médoc										
Ch. Margaux	399	438		420	390	372		425	435	415
Rausan-Segla	158									
Palmer	208	220	199	217	192	203	235	225	214	215
d'Issan	99	101								105
La Lagune	99				90	94	106		100	
Graves										
Haut-Brion	378	408	375	410		390		415	406	415
La Mission Haut-Brion		330	298		279		335	348		
Pape-Clément			133				147			
St. Emilion										
Cheval-Blanc	393	475	395	425	390	367	475	425		425
Ausone	540							600		
Figeac	208							189		
Canon	208		166		165		192	195	196	
Pavie	148	162	144	144	144			172	163	162
Pomerol										
Le Pin		564	550		495			425		
Vieux Ch.Certan		247	226		213		245	247	240	235
Gazin	147		170	170					154	
Crus Bourgeois										
Chasse-Spleen		93	83			89	95	96	89	98
Angludet	78	82	75	85	78	77	86		80	85
Potensac						50	55			62
Beaumont	45									47
La Bégorce-Zédé		85				81	84			
Cissac	62				57	61	67	75		70

**Averys price includes delivery. *Price in bond, Bristol. †Second tranche price

Averys, Bristol .... (0272-214141)	Haynes, Hanson & Clark S.W.6 .... (071-736-7878)
Berry Bros. & Rudd, S.W.1 .... (071-839-9033)	Hungerford Wine, Hungerford .... (0488-683238)
Bibendum, N.W.1 .... (071-722-5577)	Justerini & Brooks, S.W.1 .... (071-493-8721)
Corney & Barrow, E.C.1 .... (071-251-4051)	Lay & Wheeler, Colchester .... (0206-764446)
Philip Eyres, Amersham .... (0494-433823)	Wine Society, Stevenage .... (0438-741177)

Cookery

Anyone for tennis drinks?

AS A child I was intrigued by the marketing ploys of soft drinks makers. At Wimbledon I watched eagerly to see whether more winners than losers availed themselves of the omnipresent Robinson's barley water placed just within BBC camera range in the shade of the umpire's chair.

I was an avid *follower* of the high life as portrayed in the cartoon advertisements for Rose's lime juice, where every social occasion seemed a triumph thanks to the suave presence of the butler and his faithfully borne drinks tray. *Now* that I am *older* my approach to soft drinks is more old fashioned. Instead of branded versions it is home-made that I go *for*. They are the thing to help you keep your cool when the going gets hot. When I hear a tennis partner's cry of "oh, bad luck", as serve after serve plops into the net, I know it is time for citrus *drinks to come to the* rescue.

LEMON BARLEY WATER

A sick-bed soother as well as a summer cooler, if possible this

and the recipes which follow ought to be made with organically grown fruit or at least with "unwaxed" fruit (in other words fruit that has not been sprayed with a cocktail of fungicides). If "ordinary" citrus fruit is all that is available, health conscious cooks will probably use the juice only; it is said that no amount of scrubbing will eradicate completely chemical treatments from the peel.

Put into a saucepan 4 oz of *barley flakes or pot* or pearl barley and 2 pt of water. Bring to the boil, cover and simmer gently for 30-45 minutes. Stir in 2 oz sugar and the zest of 2 lemons and leave until cold.

Strain through a muslin-lined sieve. Add the juice of *two lemons, or more* to taste, and serve chilled.

ALMOST INSTANT LEMONADE

Mildly fizzy and refreshingly sharp, this is the thirstquencher I associate most with Betjmanesque summer days, a favourite draught to serve after games or while reading in hammock-swinging, *sun-dappled shade. My version* is old fashioned in taste but decidedly untraditional in its high speed method of making. No careful squeezing and zesting are involved, no waiting for a hot sugar syrup to cool, or other such time-consuming niceties.

Cut 3 juicy lemons into quarters and whizz them with 3 oz sugar in a food processor for about 10 seconds only – any longer and the bitter taste of the pith may dominate. Add ½pt-¾pt very cold water and refrigerate the mixture for 5-6 minutes, no longer. Strain and dilute with 1 litre thoroughly chilled sparkling mineral water. Serve with plenty of ice and sprigs of lemon balm.

Philippa Davenport

The vamp turned Mother Teresa

JANET MORGAN writes serious books that people rush to buy for frivolous, idiotic reasons. When she published her biography of one of the most popular authors of all time, the only question that bothered the reading public was the supposed mystery of Agatha Christie's "disappearance" for 10 days in 1926 (it emerged that she had gone off to the Hydropathic Hotel in Harrogate for a well-deserved breather from her unfaithful husband).

Now customers will be lining up at Hatchards agog with curiosity to discover whether Edwina Mountbatten did or did not with Pandit Nehru. The prurient will not be disappointed in their quest, but en route they will discover a luminous portrait of a fragile, porcelain beauty whose surface has been peeled away to reveal a troubled soul.

If some are born with silver teaspoons in their mouths, Edwina Ashley was born with a jewel-encrusted golden soup-ladle that almost choked her. Grandchild of Sir Ernest Cassel, banking Croesus and intimate friend of Edward VII, she suffered neglect and isolation, save from an army of nurses and governesses, in Broadlands, the large country house built by her grandfather.

Janet Morgan's precise reconstruction of Edwina's lonely Edwardian childhood touchingly evokes its pastoral delights, emotional starvation and precocious yearnings unsatisfied by the grim indifference of English upper-class family life. Or, in Edwina's case, lack of it. For her parents, whose marriage was not "cursed (as Miss Morgan puts it) by too much proximity," virtually ignored her. In 1908 and 1909 she spent a total of only about 12 weeks in the same place as her mother – a pattern of maternal irresponsibility that Edwina later avenged by visiting it on her own children.

As the "richest heiress in the world" in the 1920s, Edwina embarked on two decades of frenetic party-going. Miss Morgan's chronicle of her whirling social life reads, at times, like an unnatural combination of Jennifer's and Mrs Pooter's diaries. This is the diary of a somebody, albeit a selfish, empty-headed, thoughtless, brittle, pleasure-seeking, free-spending bright young thing whose only claim to be anybody derived from inherited wealth and marriage to Dickie Mountbatten. Hers was the world of *Antic Hay* and and *A Handful of Dust*, in which the closest she came to justifying her existence was as a volunteer telephonist for the *Daily Express* during the General Strike. She brought home a tiger from Africa and two wallabies from the Dutch East Indies. "What am I to feed them on?" she asked the native from whom she bought them. "No problem at all, just orchids."

EDWINA MOUNTBATTEN: A LIFE OF HER OWN
by Janet Morgan
HarperCollins £20, 509 pages

The "complete hecticness" and "night-time day" that characterised her social life inevitably poisoned her marriage. She plucked fresh orchids and lovers with almost the same facility. A few, such as William Paley and Malcolm Sargent, were men of intellectual substance; most were worthless Anglo-American dandies or middle European gigolos. On one occasion a servant at Brook House, the Cassel palace on Park Lane, announced that he had shown Lord Molyneux into the morning-room and Mr Sanford into the library, "but where should I put the other gentleman?"

Mountbatten disappeared to Valletta rather than Harrogate. He reacted by taking a woman-friend of his own. In a jealous tantrum Edwina stole her from her husband. Mountbatten then befriended Edwina's lover, whereupon, after a while, a measure of peace was restored in a bizarre *maison à quatre*. Meanwhile, the children suffered. In 1938, when war seemed imminent, Edwina, fearing for their safety, sent them with a servant to an hotel in Hungary. Later she forgot the hotel's address.

Then, overnight, the vamp was transformed into a saint. The metamorphosis was sudden and astonishing – as if Mae West had woken up one morning as Mother Teresa. The transmogrification was triggered by the outbreak of war: Edwina exchanged her Paris creations for uniform and worked selflessly, and effectively for the St John Ambulance Brigade and the Red Cross. In India during the later part of the war, she toured hospitals, noting deficiencies and pressing for their correction. Once she had complained at having to sleep in the upper berth of a trans-European express. Now the princess no longer complained about the pea: she happily occupied the luggage-rack of a third-class Indian troop train. After VJ Day she was among the first volunteers to visit liberated prisoners in isolated camps throughout the Far East, bringing comfort and hope, medical supplies, boiled sweets and cigarettes to thousands suffering the after-effects of Japanese barbarism.

The last vicereine, in the waning months of British rule in India, she performed her allotted role with conscientiousness, energy and grace – and then committed the unpardonable crime. It is a sorry reflection on what is now allegedly a multi-racial society that Edwina's breach of the interracial taboo should still send a frisson down the English spine. Most Indians don't feel that way – at any rate to judge from their apparent readiness to embrace Nehru's Italian granddaughter-in-law as their leader. But Edwina's affair with the Indian prime minister brought out some of the less attractive features of post-war English society: its snobbery, racialism and sexual hypocrisy. Miss Morgan, who has had access to the private correspondence of Edwina and Nehru (at times they wrote to each other daily) rises above all that: she handles the relationship with delicacy and insight.

This is a long but readable book with only a few minor errors. Roosevelt's Treasury Secretary, Henry Morgenthau, is confused with his son Robert. Ivy Litvinov was English, not German. The *Daily Express*'s notorious headline, "Britain will not be involved in a European war this year, or next year either," appeared not on September 1, 1939, but on September 30, 1938. None of this matters much. More questionable perhaps is Miss Morgan's occasional tendency to present Edwina as if she were a free-spirited feminist: "She wanted freedom to find out who she was and what she could do . . ." Hence the book's sub-title, arguably a mistake, since Edwina's fundamental tragedy, as it emerges from this humane, sensitive, carefully researched and beautifully written biography, is that her life was everybody's but her own.

Bernard Wasserstein

Diplomatic batsman

FEW IF any British diplomats can have had such a string of plum postings as Sir Frank Roberts and held them at such a fascinating time. Even before he was an ambassador, the young Roberts was frequently in the right spot. During a famous debate in the House of Commons in 1938, it was he who handed the note to Chamberlain from the officials' box saying that Hitler had agreed to a summit in Munich. In the war he was an interpreter between Churchill and de Gaulle. He was sent on a secret (and successful) mission to Portugal to request the allied use of the Azores. In Lisbon he met a young American diplomat called George Kennan, with whom he was subsequently to work on a postwar view of the Soviet Union. Roberts was at Yalta; indeed he was practically everywhere that mattered.

After the war, he was principal private secretary to Ernest Bevin. He was ambassador to Yugoslavia, Nato (then still in Paris), Moscow and finally Bonn. Thus he also knew practically everyone that mattered: not only Stalin, Krushchev, Tito and Adenauer, but the up-and-coming as well. In the early 1960s he tipped the young Helmut Kohl as a future German Chancellor.

Yet in many ways Roberts was nothing like the conventional picture of a British diplomat. He was born in Argentina where his father was setting up what was to become the South American Unilever. His mother was a suffragette and taught by R.H. Tawney at the London School of Economics. He went to school at Bedales before going on to Rugby, then Trinity College, Cambridge.

DEALING WITH DICTATORS
by Frank Roberts
Weidenfeld & Nicolson £25, 294 pages

Frank Roberts

Physically a very small man, it may come as a surprise that he did well at rugby and cricket. He was once the highest scorer in a cricket match in Berlin which he claims received more coverage in the *New York Times* than any test match. Never a man to hit out when a fine glance would do, he made 32, all in singles.

During an early posting in Egypt he married a Lebanese called Celia whose parents were shocked at her going off with an impecunious English diplomat. Together they were a formidable partnership. Lady Roberts died last year. I wish I could have read the draft of a book that she wrote. Unfortunately the sole manuscript was lost in an aircrash on the way to Yalta.

Sir Frank has waited until his eighties to produce his own memoirs. He describes them as "primarily a personal commentary on the great events and great leaders in my diplomatic career." They are refreshingly free of diplomatic sentimentality ("so-and-so and his charming wife"), but there are few great disclosures either. He admits, almost in an aside, that he was opposed to Suez, but he was in Yugoslavia at the time. One of his few embarrassments was being warned in advance by Krushchev of the building of the Berlin Wall, and not fully twigging. He is at times quite critical of Churchill. His ideal foreign secretary was Bevin.

For the most part, however, his book is an account of the establishment and maintenance of the western alliance, and his own not inconsiderable part in it. He played as big a role as anyone, for example, in the setting up of the Western European Union, which is still periodically revived as the framework for European defence. Earlier he had been prominent in urging the Berlin airlift which, he notes, turned the western powers into the protectors rather than the occupiers of West Germany. All this is told with great lucidity, frequent modesty and a fine sprinkling of anecdotes.

Sir Frank has always been a Nato rather than a European Community man, which was not his fault given his postings. Yet it is a pity that he does not finally stand back and look at British foreign policy as a whole. Policy towards Nato was a great success; it helped keep the Americans in Europe. Policy towards Europe in other matters has been much more questionable. It would be surprising if Sir Frank had not thought deeply about this apparent mis-match, yet he has chosen to remain largely silent. Another book perhaps?

Malcolm Rutherford

Assassinating Twain

FEW AUTHORS remain heroes to the editors of their texts. The relationship can sometimes induce a personal hatred. This is illustrated by Guy Cardwell's *The Man Who Was Mark Twain*. Cardwell, professor of English emeritus at Washington University, St Louis, is a dedicated Twain scholar, and has edited Mark Twain's writings for the Library of America collection.

The series, modelled on the excellent French Pléiade books, was published in the UK in the 1980s by the Cambridge University Press which has now ceased to market it. (They do still have some copies available of Twain's *Mississippi Writings*, edited by Cardwell, which at the reduced price of £ 7.95 – it was £ 17.50 – is a bargain.)

It contains *The Adventures of Tom Sawyer*, *Life on the Mississippi*, *Adventures of Huckleberry Finn*, *Pudd'nhead Wilson*. There – in one convenient package – are those much-loved, much read-aloud stories in which the Twain vernacular – the unmistakable drawling, twanging Missouri tone, comes to us straight off the page. An old Argo recording of Bing Crosby as Tom renders the sound perfectly.

Reading Twain now – in 1991 – ominous shadows do from time to time occlude the sunlight; the constant harping on the word nigger, for one. Then there is that famous moment in *Huckleberry Finn* when Huck, attempting to explain his late arrival to Aunt Sally, improvises: "It warn't the grounding – that didn't keep us back but a little. We blowed out a cylinder-head." "Good gracious! anybody hurt?" "No'm. Killed a nigger." "Well, it's lucky; because sometimes people do get hurt."

One assumes that this is meant to be ironical, but after reading Cardwell's chapter, "Racism and *Huckleberry Finn*," one is no longer completely sure. The central point of that chapter is to show how Jim, the runaway negro slave whom the boys are trying to help escape to freedom, is frequently presented as no better than the stereotypical buffoonish darky of the minstrel shows. Twain, Cardwell writes, "moved [as he matured] from being blatantly racist to being paternistically racist – though . . . with curious lapses."

Many of these lapses occur in a hoard of dirty jokes which Twain recorded in his notebooks and to which Cardwell devotes another distressing chapter. It is all part of this writer's effort to subject Twain to a psychological deconstruction which, though often acute, is by no means free of jargon. After his chequered youth, Twain married the genteel Olivia (Livy) Langdon from Elmira, New York. Cardwell delineates the marriage like this:

"The physically infirm creature whom Clemens made his own by something resembling the abduction-acquistion method became a numinous paraclete who imposed the bonds of the sacred. By exercising her talismanic authority, she warded off the dangers of the alien culture; her domestic mana was more potent than the demonic mana of the external world."

THE MAN WHO WAS MARK TWAIN
by Guy Cardwell
Yale £18.95, 267 pages

Cardwell calls Twain throughout by his real name Clemens. The famous author tried out several pen-names (standard practice for a periodical humorist) before settling for "Mark Twain," an often-heard cry of the Mississipi river-boat pilots – a profession Twain practised for five years.

Measuring the glaring discrepancies between Clemens and Twain has long been a favourite pastime of American critics. On the one hand, there is Sam Clemens, a naive, pushy, clever lad from Hannibal, Mo. On the other, that ultimate Deity, paramount in the definition of America, the patriarchal Mark Twain, white suit and carefully fluffed hair, attracting vast enthusiastic audiences to his public readings

Cardwell traces the history of the great Twain debate back to the days of William Dean Howells, Twain's editor on the *Atlantic* monthly, followed by Van Wyck Brocks, Twain's earliest detractor, and Bernard DeVoto, the editor of his papers, and one of his staunchest defenders after his death.

The defenders tended to point to Clemens's marriage, his acceptance into the family of the the newly rich, coal mine-owning Langdons, and the influence of their spendthrift daughter as being the major emasculating force. The Langdons, the argument goes, destroyed Twain's native innocence and uncorrupted energy by recruiting him into the plutocracy. Cardwell reverses this picture devastatingly. It was Twain who drove himself and his wife to bankruptcy by his harebrained schemes to get-rich-quick, and who squandered not only his own earnings but sizeable amounts of his wife's fortune in dubious investments. She counselled caution; he was the compulsive speculator. He was – according to Cardwell – driven along by a demon of guilt both moral and sexual. The couple had a son (who died young) and three daughters (one of whom also died young). In old age, after Livy's death, Twain evinced an unhealthy interest in pre-pubescent girls.

This is not a book to recommend to those who enjoy reading Twain, and who admire the amazing ease of his colloquial manner and his irrepressible cheerfulness. It is not concerned with his work as such. It is a posthumous character assassination. The literary idol of the Frontier, previously worshipped for his sanity and common sense, is toppled from his pedestal with an almighty crash. It leaves the way clear for someone to pick up the pieces and put Humpty Twain together again.

Anthony Curtis

Adrift in the Dark Ages

THIS ENGAGINGLY written book is an archaeological shocker. Peter James sets out to prove a heresy, that 250 years of history in the early first millennium BC – a period known nowadays as a Dark Age, especially in Greece where it is sandwiched between the Mycenaean monarchies and the glory of classical Hellas – did not exist.

Mistakes in Egyptian chronology, it is argued, have created a time lie. Remove that, and it is easier to explain how civilisation progressed from Bronze Age to Iron Age and the classical world that still affects us.

Is this scholarly nitpicking? No. Without chronology there can be no universal history. It is the framework of history, the means of comparing one society with others in terms of how it has advanced and influenced, or been influenced by, the others. It is always important to get the dates right.

CENTURIES OF DARKNESS
by Peter James
Jonathan Cape £19.99, 434 pages

Does James's theory do that? "Not proven" is the fairest verdict. He is right to point out inconsistencies and circular arguments in the standard Mediterranean and Middle Eastern chronologies, which start from the Egyptian king lists and then attempt to link artefacts, cultures and major catastrophes to them.

But he has not yet knocked away the foundations of history in the centuries around 1000 BC, as he wants to do by lowering the Egyptian 18th Dynasty (the time of Tutankhamun and Akhenaten) by 250 years and thus squeezing out the Dark Age, a notion to which he seems to have a 19th century antipathy, not wanting any discontinuity to interrupt civilisation's advance.

New radiocarbon dates from testing organic matter are tending to say that the 18th Dynasty is dated more or less correctly, which means that there is still room for a Dark Age. But we need many more carbon dates to be certain. Eventually radiocarbon, working with tree-ring dating which is precise to a single year but is restricted by a shortage of preserved ancient wood, will replace the Egypt-based systems. Then there will be one worldwide chronology, which will easily compare Avebury with Mycenae, Carnac with Karnak.

Gerald Cadogan

Feminine view of the Virgin Queen

WHEN SIR John Neale wrote his biography of Elizabeth I, a colleague wrote: "Men (especially if they are professors) think they know all about women (especially if they are queens)". Profiting from that, I am in favour of a woman's view of this very feminine monarch; after all, mere men can hardly tell what it is to be a woman, let alone a queen.

Lady Anne Somerset passes this test triumphantly. Not only that – she is an experienced biographer, a thorough researcher, admirable writer and a reliable judge of character. Just as well, for Elizabeth I is a complex character, not easy to get right. People think of her as capricious and contradictory, and she was often maddening to her ministers. They thought her changeable; but notice, she kept every one of them loyally till they died – Burghley, Walsingham, Winchester, Lord Keeper Bacon, Leicester. A contrast to her father, Henry VIII, who really was capricious.

Over all the personal issues and crises Lady Anne is illuminating and makes the most of her feminine advantage. For example, something new: she goes fully into the extraordinary episode of the Queen offering her favourite, Leicester, as a husband for Mary Queen of Scots. Mary felt insulted: "Is that conform to her promise to use me as her sister?" But, on the personal level, it was a good riposte to Mary's comment that Elizabeth intended to marry her "horse-keeper" – Leicester was Master of the Horse. I fear that these royal ladies had not much love for each other. Mary would have done better to have married Leicester than either Darnley or Bothwell.

Poor Mary, she had no luck; Elizabeth had all the luck in not marrying at all. Lady Anne diagnoses her "temperamental aversion to marriage". No wonder – after the experiences of her mother and her cousin, Anne Boleyn and Catherine Howard. her

The author is perhaps over-cautious. We need not doubt that Anne Boleyn was innocent of the charges against her: she was a victim of a frame-up, having failed to produce the expected male heir to the throne. We miss the bitter irony that her life came to depend on that of her rival, Catherine of Aragon. Once she was dead, Henry could make a clean sweep and an unquestionably legitimate marriage, to Jane Seymour.

ELIZABETH I
by Anne Somerset
Weidenfeld & Nicolson £20, 636 pages

Nor need we be doubtful of the virginity of the Virgin Queen of which Elizabeth made such play, always playing to the gallery. The famous Henri Quatre of France said that one thing nobody believed and yet was true was that the Queen of England was a virgin. He was an authority in such matters. Elizabeth was agog to meet him, but the heroic soldier, who had survived so many battles, was unable to face a Channel crossing.

A.L. Rowse

ARTS

Hung, drawn and quartered

Patricia Morison on luckless Legg and other macabre visitors to Kenwood House

IT TAKES lateral thinking to realise that an exhibition called *The Artist's Model: Its Role in British Art From Lely to Etty* is not going to be simply about nudes in more or less classical poses. The most striking aspect of this well thought-out exhibition at the Iveagh Bequest at *Kenwood House*, is the attention to those unlucky models who *"sat"* in a state of considerably greater undress to artists in the 18th and early *19th century*. Images of flayed men make a grand finale which is definitely not for the squeamish.

For the sake of non-Londoners, I ought first to say something about Kenwood, the 18th-century stately home built by Robert Adam just off Hampstead Heath (open daily 10am to 6pm). The Iveagh Bequest is an extremely fine collection of Old Master paintings permanently shown in the lower rooms. With the panorama of the Heath stretching beyond, they provide of the most beautiful settings for painting in all London. Every year there are also exhibitions on various aspects of 18th-century culture. This is a very successful one, scholarly as you would expect given the sponsors – *Apollo* magazine, *Christie's*, and the Paul Mellon Centre for Studies in British Art.

Surely never before has Kenwood had to house so macabre a visitor as Thomas Banks's "Anatomical Crucifixion". Its story could well be subtitled "The Artist as Carrion Crow". In 1801 a group of Royal Academicians asked if the eminent anatomist Joseph Carpue would show *them exactly* what happened when a body was suspended from a cross. Their scheme was not entirely novel. Some suspect that the 16th-century genius of Colmar, Grünewald may have studied cadavers for his horrific Isenheim Altarpiece. *Benjamin West* and his friends would not have been aware of that possible precedent, but they did know the story that Michelangelo had flayed the corpses of criminals when he made the crucifix for the convent of Santo Spirito. They questioned whether even Michelangelo had got his crucified Saviour exactly right. In a scientific age – and with a plentiful supply of executed criminals to hand – it was deemed important that the artist should see for himself.

Carpue was soon able to oblige the artists, thanks to an unhappy incident at the Chelsea Hospital. An army pensioner called Ensign James Legg shot a fellow inmate and was duly tried and hanged. To the delight of the mob, his body was cut down while still warm and hung on a cross. The academicians were exceedingly impressed and Banks took a plaster cast of the old man's body. Later, after the cadaver had been flayed, he made a second cast. *It is this écorché* version which has survived, hidden away in the Royal Academy, and now makes its first public appearance at Kenwood.

Luckless Legg apart, this is an exhibition full of interest. There are a good number of paintings and still more drawings by most of the period's leading artists including Constable (some fine oil-sketches of nudes), Blake, Turner, Wilkie, Hogarth, Fuseli, and very funny Rowlandsons. You come away with a tremendous impression of the sheer slog that the would-be successful artist had to put into acquiring deep knowledge of the human figure. From 1711 onwards, the year in which the first artists' academy was established in London, the curriculum was broadly set. Artists were expected to copy classical statuary and draw from the living model. They also had to *study anatomy*. It was only questions of balance which caused argument, for example, how study of the ideal beauty represented by pieces such as the Venus de Milo, should relate to the challenge of living reality.

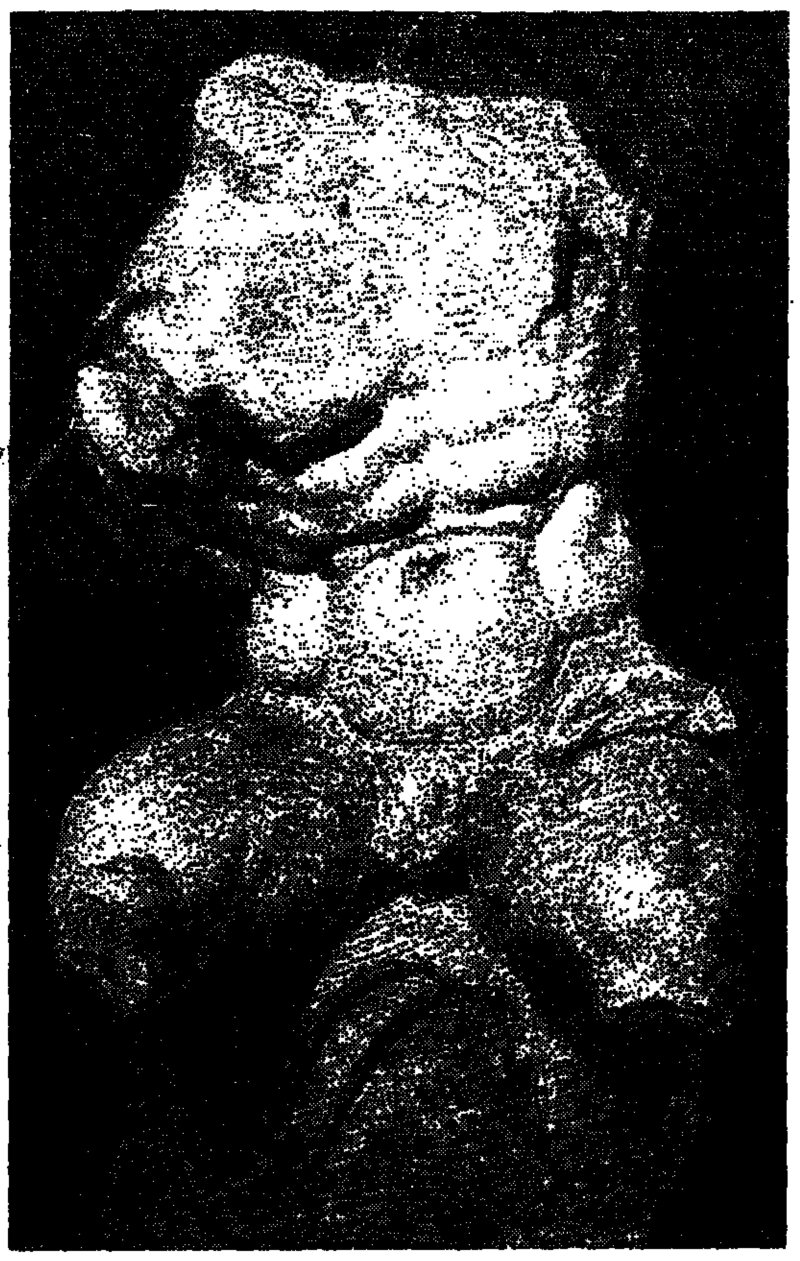
An attractive self-portrait of about 1670 epitomises the studies of the young artist. Until recently, the gentleman in the squashed velvet cap was thought to be Ferdinand Bol of Amsterdam where, as Rembrandt's great painting reminds us, they were passionately interested in anatomy lessons. However, the self-portrait is now thought to be Bol's pupil, Sir Godfrey Kneller, who was eventually to migrate and become head of the first London academy. Before him on his work table is an engraving of a female nude, a bust of Seneca – and a bronze écorché posed as an archer.

In England artists seem to have been rather slower than on the continent to seek *first-hand knowledge of the dissecting theatre*. From the Wellcome Institute Library comes a quaint little "conversation piece" of the 1730s which shows one William Chiseldon dissecting a corpse on a round table watched by his colleagues in their smart frock-coats. Zoffany's picture of Dr William Hunter lecturing on anatomy at the Royal Academy belongs to the Royal Society of Physicians. There are many paintings in our hospitals and medical societies which could do with an outing. When will a pharmaceutical company sponsor a major exhibition devoted to the enthralling, if sometimes ghoulish, relationship between art and medicine?

The first room of the exhibition is as interesting as the grisly finale. For the first time all the major known paintings of the British academies are brought together. One of them, a painting which has been in Stockholm ever since it was exhibited in 1770, shows students toiling away at night among the antique casts in the Royal Academy. It is a dramatic scene, the great statues looming against the velvety blackness in pools of silver lamplight. Maybe some of our museums could arrange for a few nocturnal cast galleries?

By far the most famous of these group paintings is Zoffany's portrait of the founding members of the Royal Academy in 1771, probably painted for George III and owned by the Queen. In many a feminist account of art-history you will read that the second-class status of the Academy's first (and for a long time, its only) lady members, Mary Moser and Angelica Kaufmann, is made clear by the way Zoffany includes them only as portraits on the wall. In front of *the Academicians, focus of all eyes, are* two male models.

However, the truth may have been a *little more complex*. Apparently the ladies were not explicitly banned from attending the Academy's life-classes. Angelica was even able to arrange private sessions with Charles Cranmer, a Royal Academy model, at her studio in Golden Square. When questioned as to what took place, the man claimed that he "only exposed his arms, shoulders, and legs" and that the artist's father was always present. In a little watercolour we see the diligent Angelica at work, not sketching Charles to be sure, but copying an antique bust. You can go downstairs to the permanent exhibition rooms, and judge for yourself whether it really mattered if, compared with her colleagues, Angelica perhaps remained a little foggy about the finer points of the male torso.



'Belvedere Torso' by J.M.W. Turner; chalk on paper

Master drawings through the ages

London is inundated with choice exhibitions at the moment, says ***Susan Moore***

NEXT WEEK the London auction houses are offering no less than 700 Old Master drawings. Over and above the usual July sales are separate catalogues devoted to groups *from the celebrated collection* of the Earls of Leicester at Holkham Hall, and *from the* family of the late Ian Woodner. Is it possible to have too much of a good thing? Already a handful of drawings dealers have opened with choice exhibitions of Old – and Modern – Masters.

Münich dealer Katrin Bellinger presents the only thematic show: Florentine drawings 1500-1650. It is her fourth exhibition at Harari & Johns, and the most impressive to date (12 Duke Street, SW1, until July 12.) *This chronological survey* presents preparatory drawings *for easel paintings, frescoes*, prints, sculpture and architecture, plus designs for works of art and the lavish theatrical spectacles of the Medici court.

It opens with Fra Bartolommeo's view of a hill town dating from the first years of the 16th century, which is among the earliest landscape drawings in European art. Executed in pen and ink, the drawing displays a delicacy of touch worthy of silverpoint. At its close is a group of fantastical designs for table centres by Stefano della Bella, as likely to have been confected for sculpture in sugar as for silver.

Most thrilling of all is a previously unrecorded double-*sided sheet in that most characteristic* Florentine medium, red chalk, by arguably its greatest exponent, Andrea del Sarto. Both sides are divided vertically and show two figures behind a balustrade. It has been tentatively suggested that they are studies of the four Evangelists intended for temporary decorations for the triumphal entry of Leo X into Florence in 1515.

Be that as it may, these freely worked figure studies, bearing countless restless adjustments to the positions of heads, legs and elbows, are vivid witness to the first stages of the creative process.

Interesting – and in many *respects perplexing – is a com*positional sketch by Giorgio Vasari used for an altarpiece by Prospero Fontana. On its *other side is one of the few* surviving documents relating to the preparation of Vasari's great *Lives*. Bandinelli's male *nude*, and Boscoli and Naldini's horses aside, this is a show which celebrates the brio of the sketch rather than the precision of the highly finished drawing.

★

Kate Ganz's *Master Drawings* were originally seen in a SoHo gallery, New York in a show ranging from Titian to Jasper Johns. Hung chronologically, it allowed the juxtaposition of, say, Veronese's sheet of studies of a shell, a monster's tail, an *angel's wing and drapery, of* around 1575, with a Magritte *still-life of a vase of ivy of some* 340 years later.

In London, the cut-off date is 1830 with Delacroix's quintessentially feline cat doodles. Dominating the walls of the airy new galleries at 45 South Street, W1 (until July 12), is a sequence of great chalk and charcoal heads. By far the most compelling – and haunting – is a life-size, Raphaelesque head of the Virgin, exe*cuted by the Florentine* Giovanni Antonio Sogliari around 1540. *Few drawings can* match its presence.

The show also boasts a fine group of landscapes, from Jan Brueghel the Elder's exquisite colour-washed view of Heidelberg of around 1590, and an atmospheric Rembrandt, to Boucher and Gainsborough. At Katrin Bellinger's exhibition we found one of the Ligozzi cartouches with macabre figures of Love and Death (the former hardly less appealing). Here we find one of Battista Franco's studies of skeletons. The carefulness of this finely *hatched pen and ink drawing* attests to the artist's close *examination of his subject. The* study has an obsessive quality that elevates it above the merely anatomical.

★

Jean-Luc Baroni's even wider-ranging exhibition at Colnaghi (14 Old Bond Street, W1, until July 12) was also unveiled in New York. Its most important exhibit is a rare – and double-sided – Lorenzo Lotto. The recto is a study for *Christ Carried to the Tomb* in the Courtauld Institute Galleries. Two drawings vie with it to steal the show. The first is an extraordinary, densely packed and windswept sheet by the *idiosyncratic hand of Lelio* Orsi. The other, a fine early *pencil drawing by Edgar Degas* of his younger brother, René, pure Quattrocento by way of Ingres.

★

Degas, perhaps more than any other late 19th century painter, was indebted to the great tradition. Like Picasso this century, he is the consummate Modern Old Master. He combined the study of the art of the past with technical virtuosity and ceaseless experimentation. Drawing remained central to his creative process. A small but rewarding exhibition of 26 works at David Bathurst Ltd (91 Jermyn Street, SW1, until July 5) represents almost every technique, medium and combination of processes employed by Degas the draughtsman. It *should not be missed*.

'Study of a horse' by Andrea Boscoli (1560-1607) at Harari and Johns

Poetry in Performance

Different ways with words

SEAMUS HEANEY stands solid on his legs like some ruddy cheeked farmer come to town in his good suit. His narrowed eyes twinkle. He looks as safe and companionable as any half remembered child*hood doctor. The potion to* be administered to this capacity audience at the Queen Elizabeth Hall is an hour of poetry fror his new collection, *Seeing Things* – "Not more than an hour, for sure," he reassures us – and it slips down easily because Heaney makes the meanings come so easy.

How does he do it? His secret as a reader is in the prising apart, the opening up, of sentences; in the weighing of each word on the tongue, appraising its meaning and its music, and, somehow, in bringing these two together. The words sound firm, palpable, almost sculpted in the air; the voice itself is by turns soft, intimate, sibilant, gently humorous, *ideally* suited to the rendering of a col*lection that reaches back to the* simple acts of childhood and adolescence – *fishing*, swimming, sliding on ice, playing marbles *on the street – and* weighs their significance in the mind and the memory.

There is a lightening and a quickening in the delivery as the evening proceeds. He has now moved on to the second half of the book, a long, beguiling sequence of 12-line poems – "shapes" he calls them – that are strong on whimsy and the free play of images. The words are bouncing in the air now, hardly needing that voice's sustaining nudge at all. When it's all over and done, he thanks us for our fantastic silence and then trips off, light on his feet, raising his palm – in the humane benediction of the lapsed Ulster Catholic.

★

It was the first time that Dana Gioia, the author of this autumn's Poetry Book Society Choice, The Gods of Winter, had read in England. He told us in his Californian accent. Would we understand him? "Maybe the TV police shows will help." But the seemingly casual introduction led us into a body of poems – and a read*ing of them – that was far* from informal. The voice was *deep and lulling, with its long*, stretched o's, the manner of delivery expansive, generous, confident, calculatedly eloquent, and even florid when the need arose. The poems themselves were quite shockingly strict in form – almost every one of them was written in regular, rhymed stanzas and their subject matter ranged widely from the grave, self-consciously poetical evocation of a war veterans' cemetery, "an opaque and indirect poem," Gioia told us (this one was read sombrely, with the poet patting at the empty air with his palms) to "All Souls", a piece about souls – "Imagine what it would be like to have eternal life without a body".

Michael Glover *listens in fascinated silence on the South Bank*

Some of the poems positively revelled in their luscious language. The title poem, "The Gods of Winter", for example, had the spirit of e e cummings hanging in the air above it. "I have used all of the gorgeous language American poets aren't supposed to use any more," he told us about that one and the decision had clearly been the right one. An element of quasi Victorian melodrama crept into the verbal delivery when it seemed called for. We were left with no doubt that this poet/business*man in his highly shined black* shoes, preppy blazer, blue *shirt, violent red tie* and grey, sharply creased pants had real verbal facility.

★

There is a sense of fierce moral indignation, of conscience unappeased, about the poetry of Maura Dooley, a young poet whose first collection, *Explaining Magnetism*, has just been published, and her first reading at the Poetry Society was restive, pent, impassioned. She would lean into the poems or flick her sharp-featured face – which was often partially hidden by a turbulence of ringlets – *sideways*, then *upwards*, glancing fleetingly at the audience to emphasise her themes – childhood misconceptions, *the painful problems of communicating* with people for *whom one cares, the turpitude* of London. Her free hand – *fingers*, long thumb – flicked, flickered as her voice dug in to *the moral ardour of* the language. When the poems admonished, she looked suitably troubled – as if finding *herself guilty of complacency*, complicity. The delivery was urgent, *often hurried*. She seemed to be trying, all the time, to pin the words down, make them accountable for their meanings so that they wouldn't get lost in musicality, mere metaphor, alone.

Radio

In good company with Henry VIII

THIS YEAR marks the 500th anniversary of the birth of King Henry VIII, but who cares? Who knows more about him than his marital achievements (and how many remember that his *first wife Catherine* was the widow of his elder brother)? He *is the only British monarch in* a pop song ("I'm Henery the Eighth, I am") but I don't see it in the charts. Yet he is not forgotten. There was a popular history programme on Radio 4, *Pastime with Good Company* on Thursday, and on Radio 3 an hour a day of the wonderful English music of his reign – not to mention the ceremonies of his immortal invention, the Church of England.

Pastime with Good Company gave a sympathetic picture of the King, who as a young man showed every virtue. He was handsome, active, cultured, concerned with the affairs of the country, and it may not have been his fault that Queen Catherine, *married for 20* years, only managed one child, *and she a girl*. The City Waites presented the programme with *much jolly music, some* attributed to the King; but if it was the music you wanted, that was with Radio 3, and it was superb.

Radio can't put Shakespeare into modern dress, so Clive Brill, director of Radio 3's *A Midsummer Night's Dream* last Sunday, gave it a modern ambience. Oberon and Titania are Caribbean; Titania (Adjoah Andoh) is familiar from EastEnders, but Oberon's name, Hakeemkae Kazim, was new to me. And I have to tell that the Mechanicals have a *Caribbean Bottom* (you thought I would, didn't you), Tony Armatrading. James Earl Jones once told Joseph Papp (as we heard in Monday's interesting *Third Ear*) that if *he spoke Shakespeare* conventionally he would "lost his negritude". These performances were conventional enough, no one lost any negritude, but the production lost a little coherence.

The other Mechanicals were Midlanders, more or less, backed by *a small brass band*. Puck (Emma Fielding) sounded like a teacher in a poor Midland school and she kept giggling to show *she* was there. Semi-pop music, introduced whenever possible, was by Dominique Legendre, a nominee for this year's Prix Futura. The Mechanicals and the Fairies had background music as well as their songs, rendered as solos above choral backgrounds.

But around these novelties was a pleasant performance of what to me is Shakespeare's most enjoyable play. Susannah Harker and Julia Ford were Helena and Hermia (and *though Hermia is addressed as* "Ethiop", the director took no *unfair advantage*). Stephen Tomkinson was Demetrius, James Macpherson a Scottish Lysander. No music for these, they spoke conventionally and didn't lose anything.

I would have liked less music and less conscious cross-culture. I hated the cast's backchat in their performance at the Duke's palace. Theseus (John Carlisle, admirable) courteously overlooked it, so did Hippolyta (Katy Behean), though she made her other comments sound truthfully cross. But whatever reservations I make, this *Dream* passed a Sunday evening pretty well.

The Saturday Classic Serial on Radio 4 really is a classic, a four-part adaptation of Jane Austen's *Sense and Sensibility* by Louise Page, directed by Vanessa Whitburn. I need say only that the characters we know come sharply *to life*, so those who don't know them *will have the joy of getting to*. The first instalment takes the Dashwoods out of their estate to their miserable cottage in Devon, where they already think about adding a new drawing-room. They have met Sir John Middleton, Colonel Brandon ("the wrong side of five-and-thirty") and John Willoughby, and we can expect them to follow their Janeite destinies (marriage, mostly) over the next three weeks.

This year's Giles Cooper Awards, those matchless boosts for radio drama, were presented by actress Diana Quick on Monday. They went to: Tony Bagley, for *The Machine*; David Cregan for *A Butler Did It*; John Fletcher for *Death and the Tango* (all these from Radio 3); Tina Pepler for *Song of the Forest*; and Steve Walker for *The Pope's Brother* (from Radio 4).

B.A. Young

Records

Rare Gluck and Mozart

BY REASON of their adventurousness in choice of repertory and unfailing exactness in matters of performance style, John Eliot Gardiner's records continue to stand out from the mass of new issues with magnificent distinctness. Last week, Richard Fairman reported on the splendid DG *Idomeneo*, first in a new Mozart series. And, to set beside their Lyons Opera *Iphigénie en Aulide*, cream of the 1990 opera-recording crop, there now comes from Erato Musifrance a Gluck issue of even greater rarity – the last of his Viennese *opéra-comiques*, a three-act light opera, part spoken, part sung, of excellent zest and sparkle.

This is *La Rencontre imprévue, ou Les Pèlerins de la Mecque*. Though hardly ever revived now – it is promised for this year's Wexford Festival – it was a famous opera in its time. After its first performance, in 1764, success brought a German translation and countless performances as a German *Singspiel*.

As court composer in Vienna, Gluck had already satisfied current taste by adding newly composed numbers to a string of *opéra-comique* texts sent there directly from Paris – some extant, some hot off the press. *La Rencontre imprévue*, which comes after *Orfeo*, was his last and largest essay in the form. The librettist, Dancourt, took an old play and gave it the form that was directly to inspire Haydn (in *L'incontro improvviso*) and Mozart (in *Die Entführung*): a prince fetched up in the East (here Cairo) with his wise-cracking servant (Osmin) in search of a long-lost love, who turns up as the unwilling beloved of the Sultan.

Tender reconciliation, plans to escape foiled by a devious bass-baritone (here a bogus dervish), proud resolution in *the face of death, and the final* magnanimity of a noble despot – *to all of these plot-features* Haydn and Mozart paid close *attention*. By the latter, with a work that contained (according to the Emperor Joseph) "too many notes, my dear Mozart", the bounds of the *Singspiel* form were stretched to a degree previously unimaginable: in every sense *Die Entführung* is the *hors concours* popular opera, which leaves its Gluckian model far behind.

Yet in Gardiner's hands, and given orchestral playing possessed of the same dry, crackling pit-band vitality previously brought by the Lyons forces to Messager and Offenbach, the simpler formulas of *La Rencontre imprévue* spring delightfully to life. The mixture is judged with a master's hand: by this date Gluck was, after all, a composer with already considerable experience in many kinds of musical theatre, both elevated and popular. The line of deliciously catchy, rhythmically pointed strophic songs, plus several more elaborate airs in beautifully limpid post-*Orfeo* manner for the aristocratic hero Ali and heroine Rezia, unfolds at speed. The jokes and routines, no doubt of ancient lineage even by 1764, develop a kind of Marx Brothers zaniness.

Gluck: La Rencontre imprévue. Lynne Dawson, Catherine Dubosc, Guy de Mey, Jean-Luc Viala, Jean-Philippe Lafont, Gilles Cachemaille etc./Lyons Opera Orch./John Eliot Gardiner. Erato Musifrance 2292-45516-2 (two CDs)
Mozart: Lucio Silla. Edita Gruberova, Cecilia Bartoli, Peter Schreier, Yvonne Kenny, Dawn Upshaw/Concentus Musicus Wien/Nikolaus Harnoncourt. Teldec 2292-44928-2 (two CDs)

As I found when visiting the Paris production of Duni's *La Fée Urgèle* last month, there are treasures waiting to be dug out in the trove of 18th-century *opéra-comiques*. On this showing Gluck's last essay in the form must surely count among the brightest. Like several of the previous Opéra de Lyon *recordings, this set is* particularly distinguished by singers who can put dialogue across with expert flair: the male comics, Viala (as Osmin), Cachemaille (as the bogus dervish) and Lafont, are exemplary.

The female complement, lead by the lovely gentle soprano tones of Lynne Dawson (Rezia), is no less attractive. A single weakness is the bleating, poorly tuned tenor of Guy de Mey as Ali – and as he has most of the finest airs, it is not a negligible one. But that should deter no-one from getting to know a work which is entertaining in the best and lightest way.

By the Teldec *Lucio Silla*, another important recording *series is continued – that of* the Mozart operas under Nikolaus Harnoncourt. *It too is* worth getting to know. The *opera seria* by the 16-year-old Mozart, though weak in dramatic construction, is full of wonderful, and at times startlingly mature, musical invention. The performance (taken "live" from two 1989 Vienna concerts) is both fine and flawed. Fine, because the four leading women – Bartoli in the leading castrato role, Gruberova as *prima donna*, Kenny and Upshaw in lesser parts – make a matchless team. In particular Miss Bartoli, a young Italian mezzo with a voice of superlative agility, lustre, and vigour of attack, proves yet again the answer to a whole host of operatic prayers.

Flawed, because in the title role (which at a late stage Mozart truncated for an inadequate *replacement-tenor*) Peter Schreier's Teutonic Italian and querulous tones sound entirely out of place. Also, because the opera is cut to remove not just inessential minor airs and patches of recitative, but one or two major numbers as well; and because Harnoncourt's conducting, which favours fierce accents, extremes of tempo, and an insistence on the driest, most brittle aspects of "period" instrument articulation, gives so mannered an account of the opera. But since no other *Lucio Silla* is currently available, that alone should ensure the Teldec a welcome.

Max Loppert

Nevis, in the Leeward islands, has suddenly joined the 20th century and now has its own luxury resort complete with lobster-grotto

Now hear the word of the Lord

IF YOU are ever in the Caribbean on a Sunday, be sure to go to church. God is bound to notice absentees. To quote Sister Eugenia, a methodist lay-preacher on Nevis: "You can hide from your children, parents, friends, but you cannot hide from the Lord because the Lord never sleeps!"

Quivering in her pink frock and Sunday best hat she added: "Lord have mercy on us filthy rats." Duly mortified, we shuffled in our seats and then rallied with assorted *Allelulias* and *Amens*. Sunlight beamed through the open windows. The churchyard palm trees nodded in the breeze, humming birds hovered in the bougainvillaea.

What I love about these Caribbean services is the juxtaposition of human drama and natural tranquillity, and the glimpse they give of communal island life. Many tourists never venture beyond their hotel beach, either because they lack curiosity or want a completely relaxing time. In both cases British holidaymakers should head for Antigua, Barbados or St Lucia, to which they can fly direct. All three islands have fine beaches and tourist enclaves set apart from the churches, ramshackle bars and cricket pitches.

But if you want local colour and somewhere less crowded, less commercialised than Antigua, Barbados or St Lucia, there are umpteen smaller, quieter, wilder islands to explore. My trip to Nevis was part of a fortnight's island-hopping among the Leeward (more sheltered) islands at the northern end of the Caribbean chain. Using local airlines we flew straight from Antigua to Nevis for a week, thence to St Barthélemy (in the French Antilles) and Anguilla (Leewards, again) for three days each, returning to Antigua for the final flight home.

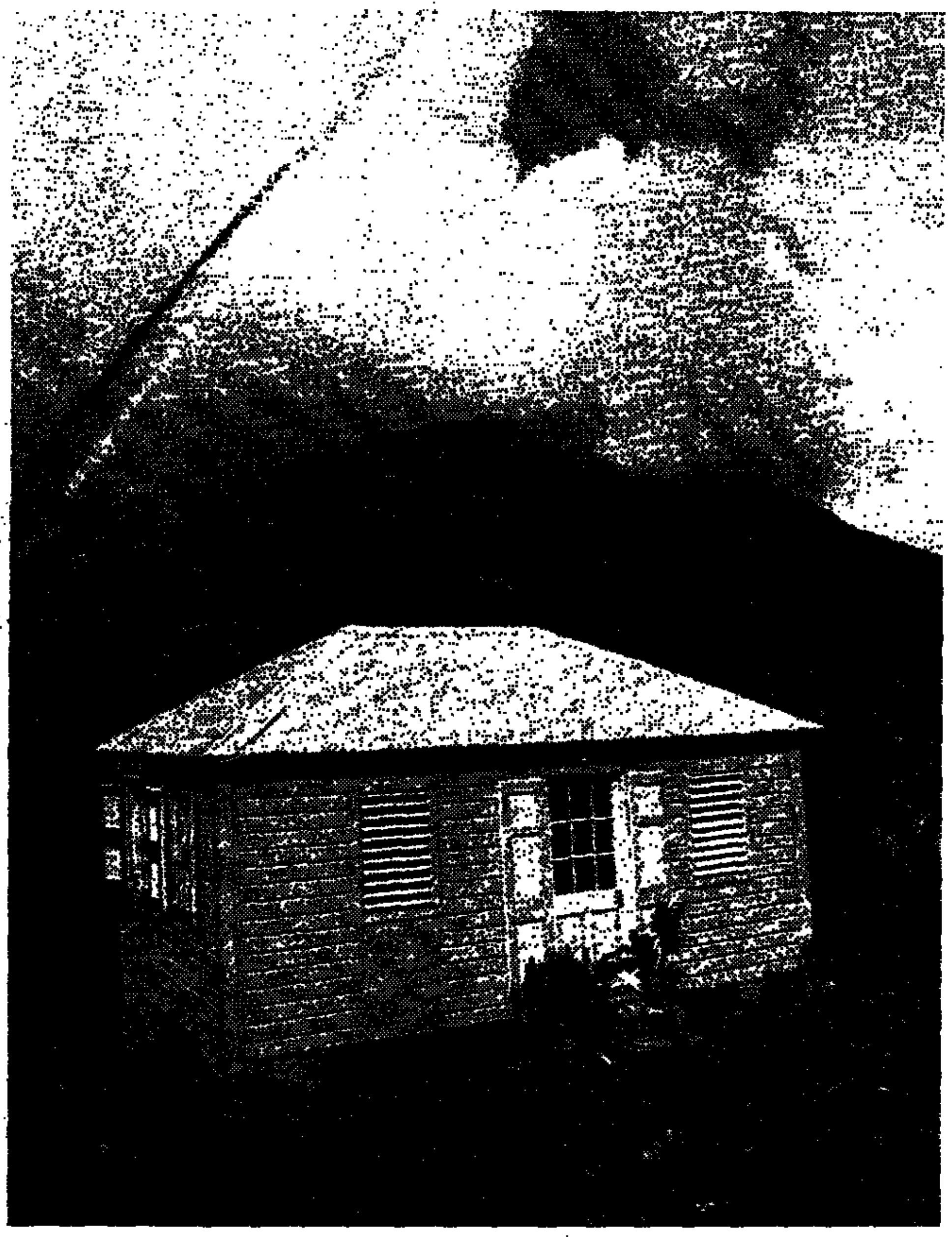
The itinerary was not strenuous — quite the reverse, for one can really travel light in the balmy Caribbean and both the inter-island flights and transfers are usually swift and efficient. In spite of their proximity, Nevis, St Barts and Anguilla have totally different landscapes. Nevis is volcanic, lush. St Barts is hilly with scrubby vegetation and lovely bays. Anguilla (meaning "eel") is long and narrow, a low-lying isle formed of coral, hence its aridity and ultra-white beaches. Each island has a distinct culture so visiting each makes a varied holiday.

On Nevis we stayed at Montpelier Plantation Inn in the fertile foothills of Nevis Peak. It incorporates a restored sugar-mill dating from the 17th century when British settlers colonised Nevis and set slaves to work on the cane. Sugar was later superseded by cotton and coconuts, groves of which still flourish around the old estates. Montpelier, accordingly, is leafy and cool, thanks to its garden arbours, airy bedrooms and large swimming pool.

For me, Montpelier is an idyllic place marred only by the toads that squat in the paths at night; others may be put off by the fact that it is not a beach hotel. But cars are cheap and easy to hire, the best beach (Pinney's) is seven miles away and Montpelier was never meant to be a regular hotel. With accommodation limited to three dozen guests, most of whom are British, it has the feeling of an English house party.

The surroundings, however, are distinctly Caribbean. Potholed roads, rickety shacks, yards full of rubbish, goats and basking pigs vie with shiny foliage, luscious flowers and squeaky clean children in smart school uniforms. Tropical birds, crickets and calypso are everywhere.

There are several footpaths round the island and we followed one up through the mossy rain-forest towards the lofty Peak. The climb yielded good photographs, as did a visit to the jolly market in the 18th century capital, Charlestown, and to the mill-come-museum that houses memorabilia of Nelson's sojourn and wedding in Nevis in 1787. Nelson came to the island to protect its British status. Despite independence, Nevis is still part of the Commonwealth.



All quiet on Nevis. But now there is a luxury resort-hotel on Pinney's Beach, operated by Four Seasons

St Barthélemy, by contrast, is unmistakably French. Everyone nips round the nine square miles of island in mini mokes. Women sunbathe topless, men play boules, garlic wafts from the restaurants, cafés serve more Pernod than punch and boutiques sell *Hermes* and Cartier.

Self-catering is worth considering in St Barts because there are some stunning villas to let, often with sea views, private pools, balconies, hammocks and rocking chairs — all for less than you would pay to stay in a hotel. St Barts is expensive — everything has to be imported — but hotels top the bill. We stayed at the Hotel Guanahani which has a beautiful pool and beach and truly *haute cuisine*. However, the *haute* prices, even for basic bed and breakfast which, in French territory, means a small bedroom, coffee and croissant, would deter us from going there again.

The strangest thing about St Barts is its predominantly white population. Most of the 3,500 islanders are direct descendants of Huguenots from Brittany and Normandy who settled on St Barts over three centuries ago.

In Anguilla we were back among coloured people, steel drums and left-hand driving (the island is officially British). Its chief claim to fame was its 1969 "revolution" when the Anguillans decided to break away from the controlling island of St Kitts but subsequently came to blows themselves. Half the islanders wanted a continued association with Britain. Half wanted an independent Anguilla, a ridiculous notion according to our taxi driver, "considering we're just a little dot."

To prevent civil war (and possible invasion from Cuba), Britain sent in paratroopers and later the London Metropolitan Police. Today the islanders are at peace. Anguilla is chiefly popular with US tourists. The hotel standards they demand — and get — are high.

Cindy Selby

INFORMATION

Cindy Selby's trip was organised by CV Travel (London tel: 071-581-0851; brochures: 071-589-0132.) whose its Caribbean programme includes Nevis, St Barts and Anguilla, plus inter-island flights for those wanting to combine two or more. Depending on season, CV's prices *this year for a 10-night stay at Montpelier Plantation Inn on* Nevis range from £1,233 to £1,783 per person, based on two sharing, including all flights, transfers and half-board.

A bedtime shock

AMONG THOSE who know the Caribbean well, Nevis and its neighbour, St Kitts, which are separated by a two-mile channel, are especially well regarded because of their beauty, intimacy and friendliness.

As James Henderson says in his definitive *Cadogan Guide to the Caribbean*: "Unless you hide out in the tourist ghetto in the south of St Kitts (or lock yourself away in plantation splendour) you cannot help but notice life around you in St Kitts and Nevis. There is a strong and vibrant West Indian culture. Expect to be accosted in the street. You may be asked for money or given a slug of rum. Either way, the Kittians and Nevisians will let you know their thoughts on life."

Nevis (six miles by eight) is almost circular. Because of its sugar wealth and stately plantation houses, it was once known as the Queen of the Caribbees. Recently, eyebrows have been raised at the emergence on Nevis of a large (196-room) luxury beach-fronted "destination resort" operated by the Canadian-based Four Seasons Hotels and Resorts, which describes itself as "the world's leading operator of properties exclusively in the luxury class." These include hotels in the US, Canada, UK and elsewhere, plus the Four Seasons Resort Wailea on Maui, Hawaii, which opened last year.

The new resort on Nevis is on a 2,000-ft stretch of Pinney's Beach, where the sand is darkly volcanic, not "powdery white" as wrongly described by Four Seasons' usually-reliable propaganda.

Special features at the Nevis resort include (one can but quote): "Private luxury sea launches that take guests from Four Seasons' waterfront lounge on St Kitts to the resort's own dock on Nevis; iced spritzers and iced towels to cool guests who are sunbathing; lunches and snacks delivered by golf cart to guests' tees on Four Seasons' own 18-hole Robert Trent II golf course, and a 1,000-lobster grotto to insure that guests can eat lobster even when there's no catch."

The rooms are large and luxurious, the food excellent. Other facilities include 10 tennis courts (all-weather and clay), a health club (gym, sauna, whirlpool, what have you), volleyball, shuffleboard and croquet courts, and plenty of water sports.

The reason the resort has caused raised eyebrows is that many who knew Nevis previously were worried that its serenity would be shattered by a bustling beach resort of this size. But they need not despair. So far as I could tell on a recent visit, Nevis, which is poor and backward (part of its charm for snobs), is fortunate to have attracted the eye of a group as good as Four Seasons. The partnership should prosper.

From Nevis I crossed to St Kitts, for a day-and-a-night's R&R at one of the best small hotels in the Caribbean, Rawlins Plantation, which is 16 miles from Basseterre, the capital, and set amid the canefields of an old plantation estate on the northern slopes of volcanic Mt Liamuiga, with views out to sea.

In a recent issue, *Connoisseur* magazine listed its six best Caribbean resorts, culled from a starting list of 600-700, and awarded Rawlins Plantation the gong for best food. Other gongs: best setting: Anse Chastanet, St Lucia; most personal service: Golden Lemon, St Kitts; most reclusive: Petit St Vincent, the Grenadines; best-kept secret: Horned Dorset Primavera, Puerto Rico; most luxurious: Round Hill, Jamaica.

The food is certainly good at Rawlins Plantation, but then so is the setting. In the *Cadogan Guide*, James Henderson calls Rawlins "quite simply the most idyllic place I saw in a year's travelling in the West Indies."

Life is sweet and simple at Rawlins. There is a (grass) tennis court, a croquet lawn and a pool. Walks in the rain-forest can be arranged. But the beauty of this small hotel — there are nine rooms, scattered in stone outbuildings surrounded by fuchsia and bougainvillaea — is so great, and so moving, that all you will need eyes and ears for are the birds, the sugarcane, the tradewinds blowing through the palms and the sudden sigh of night-rain.

Be careful in bed, though. I had been sleeping for an hour or so when I was jolted wide awake by a stinging, ringing bite that felt like an electric shock. I had been bitten by a venomous centipede. They live in the sugarcane, but are fond of warm beds. It was a particularly painful bite. I fell into shock. But then I recovered.

Michael Thompson-Noel

INFORMATION

Michael Thompson-Noel flew c/o BWIA International to St Lucia, and then by small plane to St Kitts. BWIA plans a direct connecting service, London-St Kitts via St Lucia, later this year. *There are other connecting flights via Barbados* and Trinidad. BWIA's APEX economy return, Heathrow-St Kitts, is £660; club: £2,094.

Various UK tour operators offer packages to the Four Seasons resort, Nevis, including Caribbean Connection, Elegant Resorts and Caribtours. If making your own arrangements, basic room rates (until December 14) start at *$200 (£122.60) per night, room only*, plus 7 per cent government tax, 10 per cent service charge and transfers. There are various packaged rates, including a Sporting Spree package: unlimited golf and tennis, plus snorkelling/windsurfing, breakfast and dinner, $150 per person per night, based on double occupancy, plus tax and service. London: tel 081-941-7941. US toll-free: 800-332-3442.

Rawlins Plantation, St Kitts, *is in various brochures*. If booking independently, the daily tariff (until Dec 14) is $225 double, $150 single, including meals, excluding tax and service. UK representative: Windotel, 3 Epirus Rd, London SW6 7UJ, tel: 071-730-7144, fax: 071-938-4793.

Travel News

World jaunts

MICHAEL PALIN is shortly setting off again on his travels — this time from pole to pole rather than around the world in 80 days. But the BBC has taken the opportunity to publish a paperback version of his best-selling account of the journey. Next month it starts a repeat of the series on Sunday evenings.

Travel agents report that Palin's journeys always spark renewed interest in round-the-world travel which is one of the most buoyant long-haul markets.

So, for the adventurous in spirit, a selection of ways to circumnavigate the globe.

Air is the most popular method of travel but prices vary according to routes, times and flight demand. British Airways, for example, says its round-the-world fares start at £1,930 for an economy ticket with a minimum of three stopovers and no maximum number of journey breaks. It has links with Qantas and United to offer greater flexibility. These fares start at £2,127. But BA says a tailor-made itinerary can be arranged for virtually any route.

Cathay Pacific has a special brochure to highlight the various air routes, both easterly and westerly, it offers with other carriers. Its prices start at £1,608. Australian specialist Austravel also has a brochure on round-the-world fares: using charter and scheduled flights its Canada, Australia, Fiji, Singapore and London route starts at £849.

Lowest fare from American Express's Airline Fares Unit was £986 (without taxes) on a route travelling from London to Los Angeles to New Zealand to Hong Kong and back to London. Details: 071-323-9003.

At the other end of the scale are Concorde flights. The last world trip, two years ago, cost $39,000 (£23,926.30) per person.

Sea voyages are the rather more traditional — and relaxed — way of viewing the world. Such is the demand that P & O is next year carrying out two voyages simultaneously — one westbound on *Canberra* and the other eastbound on *Sea Princess*.

The *Canberra* voyage takes 90 days and starts on January 4 next year, sailing from Southampton, cruising the Caribbean, South Pacific and on to Australia, before returning home via Japan, Hong Kong and South Africa on April 4. Fares start at £5,290 — which P & O points out is only 15p per mile — and range up to £31,320 for the top suite. *Sea Princess* takes the opposite route, but takes 92 days, departing on January 10 1992 and returning to Southampton on April 10. Fares range from £9,995 to £18,350.

Thomas Cook, which celebrates its 150th anniversary next week, has arranged a special 34-day world tour to celebrate. Places are still available at £18,500 per person, single supplement £2,500.

Thomas Cook has also published the new edition of its railpass guide. Relaunched as the World Travelpass Guide, it describes deals for the independent traveller. Available from bookshops or Thomas Cook branches, price £2.95; or by post from Thomas Cook Publishing, PO Box 227, Peterborough, PE3 6SB, (£3.85 including p & p).

David Churchill

ARTS

Merseyside meets Napoli

***Claire Armitstead** on an uneasy marriage at the Lyttelton Theatre*

EDUARDO DE Filippo lodged himself in the affections of English theatregoers with his delectable stew of Italian family life, *Saturday, Sunday, Monday*. But memories of Joan Plowright stirring her ragu sit uneasily beside the National Theatre's revival of this earlier de Filippo play, *Napoli Milionaria*, at the Lyttelton. By the interval it seems that something has gone badly wrong with Richard Eyre's production. By the end, it is clear that several things have gone badly wrong.

First the translation. De Filippo's theme is that social crisis is not ennobling but corrupting. The play is set in wartime Naples where, far from sitting in their bunkers knitting socks for the troops, the population has turned to racketeering. Donna Amalia, in whose household the piece takes place, has 200 kilos of coffee stashed beneath her mattress which she sells off to her neighbours at prices they cannot afford.

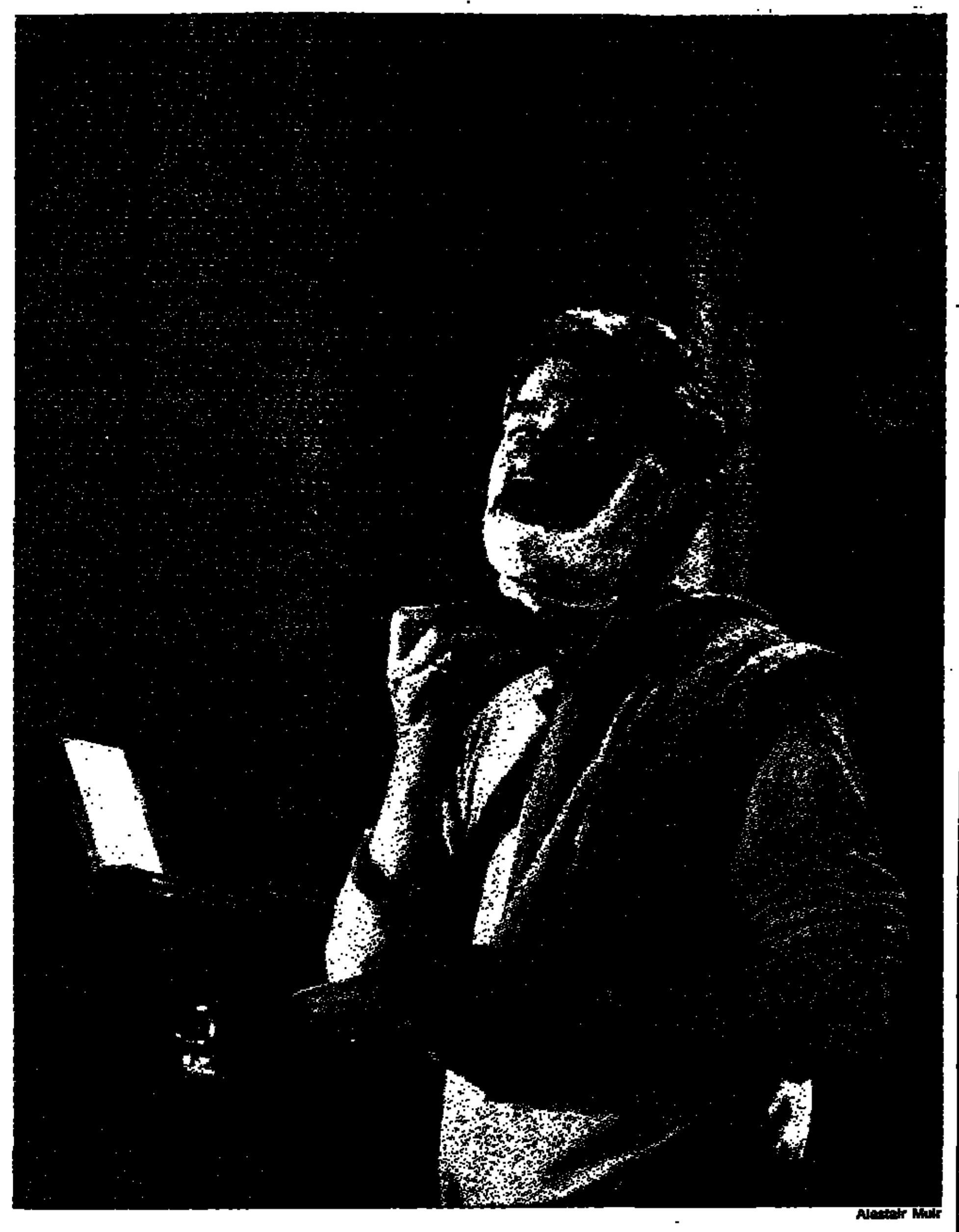
As if to underscore its relevance, translator Peter Tinniswood adopts a Merseyside voice, which Eyre offsets with Italianate mannerisms and places in an Italian setting. One can see their point: Liverpool, like Naples, is poor and embattled; it has a strong Catholic influence, and its people are regarded with a similar exasperated affection.

But rather than enriching the play, the result is to push it into a no-man's land, somewhere between an English tradition of Scouse family sitcom and de Filippo's more lacerating social comedy. It entirely loses the particularity which, at its premiere in Naples in 1945, with de Filippo himself playing the part now taken by Ian McKellen, reduced the audience to tears of recognition.

In Don Gennaro, tram driving pater familias, De Filippo created a disconsolate outsider, who views his society with the bemusement of a generation who suffered two disastrous wars. He spends much of the first act holed up in a hovel in a corner of the family house philosophising about the evils of fascism. When the second act opens, two years later, the Allies have invaded and he has disappeared.

He returns, saddened and wisened, to a family that has apparently done very nicely out of the war: the hovel has been replaced by a gleaming coffee urn and his wife wears diamonds. In reality, his son is a car thief, his daughter pregnant by a GI, and their youngest child is dying of a treatable disease for which no medicine is available – except on the black market, which, for once, holds out on Donna Amalia.

McKellen has the lugubrious eye and shambolic presence of this ancient mariner, even if at times his speech patterns are too mannered, but Clare Higgins, as his wife, is quite wrong. Once again, one can see the rationale for casting away from the stereotypical Italian mama, but surely the point about Amalia is that her corruption stems from a passionate sense of injustice rather than a calculating eye for profit. It began from a desire to keep her family fed and, like Topsy, just growed.



Alastair Muir

Ian McKellen in Richard Eyre's production of 'Napoli Milionaria' by Eduardo de Filippo

She is prepared to take a hapless, property-owning clerk for all that he has, but cannot quite bring herself to commit fully fledged adultery with her her infatuated "business" partner (a slick and inscrutable Mark Strong). She is a worldly local "godmother" to whom the women look not only for food, but for advice (note her relationship with the married virgin Assunta, a wickedly overstated cameo from the talented Geraldine Fitzgerald).

Higgins plays this domestic denizen with a glacial reserve that makes a charade of the two central scenes. In a farcical first act climax reminiscent of Dario Fo, Gennaro is decked out as the dear departed to protect her illicit hoard from the police, as the bombs rain down on the city. The humour of this scene is based on a desperate defiance which is acknowledged, with some admiration, by Peter Jeffrey's exasperated policeman.

These shenanigans are blackly mirrored in the frenzied later attempts of Amalia's entourage to find medicine for her dying child, which remain crashingly unconvincing because the desperation simply isn't there. It is, of course, unfair to blame the production's failings on one actress – Higgins is an elegant performer – but symptomatically her Amalia is too thin, too brittle and too cold.

Fires burn bright in Orkney

***Roderic Dunnett** reviews new and contemporary music at the St Magnus Festival*

THE SAINT Magnus Festival still bears the imprint of its founder, Sir Peter Maxwell Davies. While the newly-formed Scottish Chamber Orchestra Singers added a northern glow to the final night's performance of his Cantata, *Solstice of Light*, it was Davies' own directing of his Trumpet Concerto, with Hakan Hardenberger, and the BBC Scottish Orchestra, which set the tone for the early part of the week. This work's brilliant hues were refreshingly recast by Hardenberger's tempered and mellow tone, sure phrasing and grasp of harmonic detail. The early trumpet sonata fared no less well next day.

There were rival attractions. *Ylur* (pronounced Ill-oor), by Lyell Cresswell, was first of three festival commissions. The Norse title of this eight section work denotes "bitterness" or "sorrow": its surface is busy and noisy – a flamboyant concerto for orchestra, to whose challenges the BBC Scottish (oddly ill at ease in the core repertoire) rose splendidly. The yelping opening and some dense later clusters made *heavy going, but set in relief the sostenuto* slow movement and brief, muted "Lontano". Percussion block, side drum and rasping brass added an attractive, Nielsen-like acerbity to the surrounding scherzo passages. *Ylur's* effectiveness owed much to conductor Takuo Yuasa's neat judging of the attaca links which concentrate its series of central sections.

This kind of "seamless" performance was what one expected in their hey-day from Davies' group, The Fires of London, six members of whom have temporarily regrouped under the name "Nouvelles Images". To Schoenberg's Op 9 Chamber Symphony, and Davies' chamber piece *Image Reflection Shadow*, the Fires restored a unique quality of virtuosic ensemble one sorely misses. The deep registers of bass, flute and clarinet and Gregory Knowles' cymbalom cadenzas curiously enhanced this work's deliberate, meditative unfolding.

These players also premiered a new quintet, *Contraries and Progressions* by 20 year old David Horne: a zippy, aptly virtuosic piece, whose scurrying woodwind interruptions envelope and *absorb a slow falling motif given out* first on the keyboard. What struck one was how this piece already measured up to these performers, and in particular Horne's ability to compose music in two parts, that is harmonically telling and satisfying – a skill at which Davies himself has few peers.

Horne's ability as performer was on show earlier this week – more distinctive, perhaps, in Judith Weir's wittily ironic *Serbian Cabaret* or Ravel's G major Piano concerto and *Gaspard de la Nuit* than in Mozart's K333 sonata. The last two composers figured also in two concerts by the Allegri Quartet, whose main festival contribution was the world premiere, with Canadian clarinetist James Campbell, of a new clarinet quintet commissioned by the BBC from James MacMillan.

The title, *Tuireadh* also means "lament" or "requiem". Though his perception is very different here from Cresswell's, both composers have a proven ability to elicit from Gaelic and Scottish sources a characteristially plaintive ambience, whether for large or small forces.

Outwardly the work, though not *directly programmatic, commemorates* the unburied dead of the Piper Alpha oil rig disaster and their sorrowing families. But the piece steers into new waters – not so much of diction as of underlying structure and dimension. The characteristic stabbing motifs and hints of psalmody remain, but in modified form.

Partly encouraged by the example of contemporary Russian composers, MacMillan has risked something more extended. The sustained central ideas ar less diverted by incident, the emotional demand upon the listener amplified by prolonged slow passages, initially resigned and gradually transformed to an affirmation of optimism. How far Macmillan has carried this off only further performances at Huddersfield and elsewhere will tell.

But the emotive nature of this work – its opening phrase for clarinet, rising and falling semi tonic motifs, embellished chorale and graphic conclusion all bear witness to that powerful appeal one has come to associated with MacMillan, an undeniably significant voice in contemporary British *music*.

War presages peace

IT IS interesting to speculate on how changes in the political arena affect our response to the arts. When Britten wrote his War Requiem, he intended the three solo parts to be taken by a Russian, a German and an Englishman to emphasise a universal spirit after the Second World War. Now it may only be a matter of time before the three nations are embraced in the sort of mutual understanding that the end of his score so glowingly presages.

The work has been performed often since its 1962 premiere. Too often, perhaps, for the sense of occasion is difficult to recapture in the wrong surroundings. The Royal Festival Hall is not a venue that suits the piece, but other performances there have managed to meet its requirements of space and atmosphere better than the Royal Philharmonic Orchestra's concert did on Thursday. The soprano soloist was not among the choir, as she should be; the tenor and baritone were on the opposite side of the platform from their accompanying chamber orchestra, which was absurd.

Nevertheless, it was the soloists who were the glory of the evening. The soprano, Andrea Gruber, a young American already on course for a major operatic career, commanded the Latin sections of the Requiem with a size and fullness of voice that rang out gloriously over the choir, sizeable though the combined forces of The Bach Choir and the Brighton Festival Chorus were.

The tenor and baritone would be difficult to better, so moving were their exchanges in the Wilfred Owen settings. Anthony Rolfe Johnson is the tenor par excellence in this Britten work, both for the plangency of his tone and his poetry in speaking the words; but Hakan Hagegard was his equal in the baritone solos, at once powerful and meltingly sweet of voice, probably the best singer of the part since its creator, Fischer-Dieskau.

If the performance carried less than its usual weight, that was due to the conductor, André Previn. In other hands the music has almost always seemed more memorable, whether it be the subdued and deeply serious manner of Haitink or the sharper accents of pain and conflict discovered by Rattle or Andrew Davis. All have given the piece a greater intensity, setting the spine tingling at the awesome meeting of opposing forces in its closing minutes.

During the "In paradisum" the rough young voices of Trinity Boys' Choir sounded like little demons, rather than angels, as prescribed. Otherwise, there was something too comfortable about the mood of this performance, as though the fears and tensions that originally brought about the work's composition are indeed no longer felt so acutely.

Richard Fairman

Musical virtuosity in a medieval barn

***Max Loppert** reviews Richter and others at the Fêtes Musicales en Touraine*

THE FETES Musicales en Touraine (June 14 – 30) are in their 28th season. This is, of course, the chamber-music festival masterminded by Sviatoslav Richter, and held on three midsummer weekends in the Grange de Meslay, a 13th-century tithe-barn (built by the monks of the nearby abbey of Marmoutier) four miles outside the Loire city of Tours. On the experience of the middle weekend – four days filled mainly with Bach and Haydn – it must count as one of the most wonderful things the world of music has to offer.

Since *FT* colleagues have sung the praises of the Fêtes Musicales in previous years, I must not blow up my own first visit into an uncharted voyage of discovery. All the same, since in every respect the enterprise is so special, it's a temptation hard to avoid. The place – as Richter sensed when fixing upon it three decades ago – is not just Elysian, but excellent for music. The programmes and choice of performers are worlds away from the "circuit" stop-offs, demanded by the big record companies, that plump out so much of current European summer-festival planning.

The presence of the great *pianist, so frustratingly rare a* visitor to Britain, is the main attraction, but the other artists are by no means also-rans (Michelangeli, Arrau, Fisher-Dieskau, Schwarzkopf, De los Angeles, Jessye Norman, Yury Bashmet and, this year, Victoria Mullova, Natalya Gutman, Anner Bylsma, and soloists from Sigiswald Kuijken's Petite Bande have figured on the bills; each of the three Britten Church Parables had its French premiere here). Everything conspires, and unites, to make music newly vivid, serious, and joyful.

Lush farm-land surrounds the Meslay complex. Heraldic and domestic elements set the tone – flags fluttering from the great stone entrance, a pond lying adjacent, chickens mingling with the audience in the approach to the barn, the occasional dove or owl singing out from the rafters during the concerts. The Grange itself is a wonder of medieval architecture, a long rectangle framed in wood. Along one of the long walls a raised platform has been built of wood, and set in an enclosing wooden shell; the rows of seats fan out around the platform, so that although some are placed further away from the musicians than others, a feeling of shared intimacy dominates the hall.

The acoustics are not too reverberant yet full of bloom. There is enough space for choral music – a performance of *The Creation*, given with thrilling punch and point by the Collegium Vocal of Ghent, the Chapelle Royale, and the "period" Orchestre des Champs-Elysées under Philippe Herreweghe, proved so in exhilarating fashion – but also ideal closeness of aural contact with a string quartet or solo instrument. As Richter played his programme of four Bach English Suites (nos 1, 3, 5 and 6), with hall lights dimmed and a single lamp fixed on his Yamaha piano music-stand, one might almost have been in the hall at his personal invitation – allowing for the not-very-roomy seats, and the draughts of a cool June evening, this was *Hausmusik* of a peculiarly magical kind.

Richter in his 70s is a Bach player more relaxed and at the same time more "personal" and piercingly eloquent than ever. His keyboard sound is still a jet of finely-directed flame. Virtuosity still informs every note – the massive prelude and final triplet-flourishing gigue of the sixth suite brought the evening to an astonishingly focussed and exciting climax. Yet it was the contrast of serene, uncluttered surface and pounding inner vitality that finally characterised his readings of all four suites.

He adds none except the barest *ornamentation. The* range of dynamics is contained – so that an intense pianissimo in the slow sarabandes will adumbrate a world of feeling at once deep and unburdensome to the musical style. The inimitably darting Richter sense of fantasy makes itself felt in the needlepoint rhythmic urgency of bass-lines and placing of accents; the second gavotte of the G minor suite, a lulling major-key musette, was here filled with Schubertian poignancy. A lifetime's experience is concentrated into *his Bach; but the music is* never adapted as a vehicle for Grand Romantic Statements.

For me Richter remains the greatest of living pianists. He remains, too, the most elusive: each concert he gives is a privilege the more precious for the all-too-familiar possibility of cancellation hovering behind it. In fact, the second of the two Bach recitals he was to have given last weekend *was* postponed to the following Thursday. Fatigue was the given reason (last year he underwent large-scale heart by-pass surgery); at the last moment Nelson Goerner, the young Brazilian prizewinner of the most recent Geneva Piano Competition, stepped in to fill Richter's place, making at the same time his French debut.

The programme, which introduced Beethoven (the "Hammerklavier"), Chopin and Stravinsky (the *Petrushka* pieces) into the 1991 festival's Bach-Haydn confines, was a remarkably taxing one. Goerner's quiet self-assurance, *beautifully full and supple* command of the instrument, and air of uninflated musical authority brought it off more impressively than anyone can have dared to hope. He's not, at this stage, a very forthcoming or crowd-pleasing pianist – his Chopin Polonaise-fantasy, shaped with gentle delicacy, lacked rhythmic sparkle – but the fault is itself of a pleasing, musicianly kind, and the ability to sustain the "Hammerklavier" with such honest steadiness suggests a performer with an important career lying ahead of him.

A no less happy first encounter was with the young Quatuor Mosaïques, three parts Austrian, one part French. Their concert of Haydn quartets demonstrated a concern to introduce "authentic" considerations (sparing vibrato, light bowing and accentuation, unpressured tempos, flexible phrasing) into the domain of modern-instrument quartet-playing.

It is an aim realised with marvellous authority, charm, freshness, and beauty of tone. To hear at Meslay the Mosaïques' account of the Op. 77 no. 2 was to realise how much bland superficiality currently passes under the name of Haydn interpretation. Indeed, heaven on earth, I felt by the end of last weekend, is listening to Bach and Haydn – placed side by side and performed with loving refinement to an appreciative audience – in a medieval barn in the middle of France.

Chess No 879:
1 Bg7. If Nxb2 2 Ra3+ Kxa3 3 Ra1. If Nc1 or e1 2 Rxe1 g1Q 3 Ra3. If Ne5 2 Rb3. The B must go to g7, else g1Q pins the g3 rook.

TELEVISION

SATURDAY

BBC1

7.05 Open University. 7.30 Pinocchio. 7.55 Kissyfur. 8.15 The 8.15 from Manchester. 11.00 Cartoon.

11.05 Film: Peter No-Tail. English version of a Swedish animated feature film (1981).
12.25 News; Weather.
12.30 Grandstand. Bob Wilson introduces sporting action including 12.35 Athletics: The European Cup from Frankfurt featuring 12.50 men's 10,000m, 1.50 men's 400m hurdles, 2.15 men's 100m, 2.25 men's javelin, 2.40 men's 1,500m, 3.05 men's 400m, 3.15 women's 3,000m, 3.45 men's 4 x 100m. 4.00 Tennis: The 1991 All England Lawn Tennis Championships, from Wimbledon.
5.05 News and Weather.
5.15 Regional News.
5.20 The Flying Doctors.
6.05 That's Showbusiness.
6.35 Les Dennis Laughter Show.
7.05 Columbo.
8.20 One Foot in the Grave. Beginning a re-run of the second series. In the opening episode, Victor and Margaret return home from their holiday in Greece to discover that their house has been destroyed by fire. Six months later, they plan a housewarming party in their new home.
8.50 News and Sport; Weather.
9.10 Casualty. Charlie has reached rock bottom following the death of a close friend, and is in danger of losing his career to drink. Lizzie has forced her sister Mandy into the modelling world, but when Mandy breaks her arm, Lizzie sees their lucrative joint career failing. With special guests, sisters Amanda and Carol Royle.
10.00 Today at Wimbledon. Harry Carpenter introduces highlights of today's play and reflects on the first week of the championships.
11.00 Paramount City. Hosts Curtis and Ishmael plus regular Tommy Cockles and music from Cher and Bros.
11.40 Film: A Star Is Born. John Norman Howard, the infamous wild man of rock, is steadily losing his fans and his talent, until one night he meets singer Esther Hoffman and they begin a passionate affair. Starring Barbra Streisand and Kris Kristofferson (1976).
1.55 Weather.
2.00 Close.

BBC2

6.50 Open University.

12.15 Wimbledon '91. Join Desmond Lynam on the first Saturday of the championships, one of the most popular days of the fortnight, for almost eight hours of live tennis action – weather permitting! With commentary by Dan Maskell, John Barrett, Mark Cox, Ann Jones and Virginia Wade.

Virginia Wade: from Centre Court to centre stage in the commentary box

8.00 News and Sport; Weather.
8.15 Bringing It All Back Home. New series. A look at how Irish music has changed down the years, while in some places it has remained a living bridge to the past. Featuring U2's Bono and The Edge, who join ex-Moving Heart, Donal Lunny, to perform Bono's My Wild Irish Rose.
9.10 Video Diaries.
11.00 Film: The Flamingo Kid. Jeffrey Willis is having the time of his life. Graduation is over and it's months before college starts. He gets his first job, at a Long Island beach club, and is soon seduced by the glamour and excitement of people with money to burn. Starring Matt Dillon, Richard Crenna and Hector Elizondo (1984).
12.40 Close.

ITV

6.00 TV-am. 9.25 Ghost Train. 11.30 A Beetle Called Derek. 12.00 The ITV Chart Show.

1.00 ITN News at One; Weather.
1.05 LWT News; Weather.
1.10 World Sport Special; The Day.
1.40 International Athletics - European Cup Final. Jim Rosenthal presents the action live from Frankfurt. Including coverage of Kriss Akabusi in the 400m hurdles, European champion Yvonne Murray hoping for success in the 3,000m and Mick Hill, replacing the injured Steve Backley in the javelin competition.
4.00 Matlock. The Power Brokers – Part One.
5.00 ITN News; Weather.
5.05 LWT News; Weather.
5.15 MacGyver.
6.15 Bob's Your Uncle.
7.00 Stars in Their Eyes.
7.30 The Two of Us. Elaine and Ashley find themselves in the middle of a pizza war when they decide to try their hand at running a business.
8.00 Agatha Christie's Poirot. The King of Clubs. When Hercule Poirot visits a film studio, a complex case of deception follows – when is a murder not a murder? With David Suchet, Hugh Fraser, Philip Jackson and Niamh Cusack.
9.00 ITN News and Sport; Weather.
9.15 LWT Weather.
9.20 Film: A Stranger Waits. A recently widowed, very wealthy woman begins an affair with a young man, unaware that he is plotting to kill her. Starring Suzanne Pleshette (1987).
11.05 Spitting Back.
11.35 Shaka Zulu. The true story of tribal Africa during the turbulent 19th century. Dr Flynn researches Shaka's background in order to understand him better. What he uncovers is an extremely disturbing childhood and a very bitter man. Starring Edward Fox, Robert Powell, Trevor Howard, Christopher Lee and Fiona Fullerton; ITN News Headlines.
1.35 Bhangra Beat.
2.00 Motor Sports.
3.05 Film: Circus of Horrors. A plastic surgeon staffs a circus with criminals whose faces he has altered. Starring Anton Diffring, Donald Pleasence and Erika Remberg (1960).
4.45 The Hit Man and Her

CHANNEL4

6.00 Early Morning. 9.25 Sing and Swing. 9.30 A Century of Childhood. 10.00 Check Out 91. 10.30 Wagon Train. 11.30 Australian Rules Football. 12.30 pm The Munsters.

1.00 Film: Here Comes Mr Jordan. Robert Montgomery stars as a boxer who ends up in heaven 50 years before he is due to die, and is returned to Earth in the body of a millionaire. Also starring Evelyn Keyes (1941).
2.50 Channel 4 Racing introduced by Brough Scott and Derek Thompson. Including from Newmarket: the 3.05 Charmer Fred Archer Stakes, 3.35 Van Geest Criterion Stakes, 4.05 People Sporting Life three-year-old Handicap Stakes, and 4.35 Ewar Stud Farm Stakes. Also from Newcastle: 3.15 Journal 'Good Morning' Handicap Stakes, 3.50 Newcastle Brown Ale Northumberland Plate Handicap Stakes, 4.20 Wynyard Northumberland Sprint Trophy Handicap Stakes, and 4.50 Coral Line Handicap Stakes.
5.10 Brookside.
6.30 Right to Reply. Rory McGrath presents viewers' reports.
7.00 The World this Week. New series. Sheena McDonald and Nik Gowing present up-to-the minute news and views, plus in-depth reports on the latest developments from around the world.
8.00 Kingdoms of the East. Visiting the Singhpos of Assam, where a herd of elephants is to be rounded up and moved to a place of safety for the last time, so ending a 1,000-year-old tradition which has been passed down from father to son.
9.00 thirtysomething. Nancy prepares for her final round of chemotherapy. Last in series.
10.00 City Cop. A cameraman sets out on a personal mission to come to terms with the memory of his dead father, a policeman. Through the eye of the camera he captures the drama of the working life of the Stockholm police force.(English subtitles).
11.45 On the Other Hand. Shekhar Kapur probes the special relationship between Asian mothers and their offspring where the good son is dutiful and loves his mother. But, in reality, is there a darker side to this relationship?
12.45 Suzanne Vega.
1.15 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
1.05 Anglia News 1.10 Windsurf! 4.00 Transworld Venture. 5.05 Anglia News and Sport. 5.15 The A-Team.

BORDER:
1.05 Border News. 1.10 The Munsters Today. 1.40 International Athletics - European Cup Final. 4.00 The 1991 UK Mountain Bike Challenge Cup. 5.05 Border News. 5.15 The A-Team.

CENTRAL:
1.05 Central News 4.00 The 1991 Speedway World Championship. 5.05 Central News. 5.15 The A-Team.

CHANNEL:
1.05 Diary Dates. 1.10 Windsurf! 4.00 McCloud. 5.05 Channel News. 5.15 The A-Team.

GRAMPIAN:
1.05 Grampian Headlines and Weather. 1.10 Sealll 4.00 Crann Tara. 4.30 This is America, Charlie Brown. 5.05 Grampian Headlines. 5.10 Criomagan. 5.15 The A-Team.

GRANADA:
1.05 Granada News. 1.10 The Spectacular World of Guinness Records. 4.00 Indy 3 – Great Crusaders and Their Quests. 5.05 Granada News. 5.15 The A-Team. 11.35 Celebration 91.

HTV:
1.05 HTV News. 4.00 German Touring Car Championships. 5.05 HTV News. 5.15 The A-Team.

SCOTTISH:
1.05 Scotland Today. 1.10 Sealll 4.00 Pop Profile. 4.30 The Munsters Today. 5.05 Scotland Today and Weather. 5.15 The A-Team. 9.15 Scottish Weather.

TSW:
1.05 TSW News and Weather. 1.10 The South West Week. 4.00 Horse Trials. 5.05 TSW News and Weather. 5.10 Gus Honeybun's Magic Birthdays.

TVS:
1.05 TVS News and Weather. 1.10 Windsurf! 4.00 McCloud. 5.05 TVS News. 5.15 The A-Team.

TYNE TEES:
1.05 Regional News. 5.05 Northern Life. 5.15 The A-Team.

ULSTER:
1.05 Ulster Newstime 1.10 The Munsters Today. 4.00 Highway to Heaven. 5.05 Ulster Newstime 5.15 Magnum.

YORKSHIRE:
1.05 Calendar News and Weather. 1.10 Soccer in the Seventies. 4.00 Return of the Monster Trucks. 4.50 Cartoon Time. 5.05 Calendar News and Weather. 5.15 The A-Team.

S4C Wales as Channel 4 except:-

9.25 Slot Sadwrn. 12.30 Kabaddi. 6.30 The Wonder Years. 7.00 Newyddion. 7.10 Gemau Heb Ffiniau. 8.35 Billy Liar (1963). 10.25 Manhattan Cable. 11.10 A Question of Conscience.

SUNDAY

BBC1

8.55 Playdays. 9.15 Movable Feasts. 9.30 This is the Day. 10.00 State of Training. 10.50 Step Up to Wordpower. 11.15 Advice Shop. 11.40 Bazaar.

12.05 Sign Extra. Highlights of the Chelsea Flower Show 1991 (with sign-language and subtitles.)
12.30 Country File. John Craven visits the agricultural machinery manufacturers' showcase at Stoneleigh in Warwickshire, to find out how manufacturers and their customers are facing the Nineties with falling sales and cheap imports.
12.55 Weather for Farmers.
1.00 News; On the Record. Jonathan Dimbleby interviews Foreign Secretary Douglas Hurd and asks just how hard the Government are fighting plans for a federal Europe.
2.00 EastEnders.
3.00 Dallas.
3.45 Film: Bonanza: The Next Generation. A new generation of the Cartwright family prepares to defend the Ponderosa from a destructive mining project. Starring John Ireland and Robert Fuller (1988).
5.15 The Princess of Wales at Thirty.
5.55 Masterchef.
6.25 News; Weather.
6.40 Praise Be!
7.15 Butterflies.
7.45 Come in Spinner. Part one of a two-part drama based on the best-selling novel.
9.35 News; Weather.
9.50 That's Life!
10.30 Heart of the Matter. Joan Bakewell examines the issue of homosexuality in the army and talks to Robert Ely whose army career was destroyed overnight. Is it time the forces were brought into line with the rest of society, or do the special circumstances of the services demand that homosexuality should not be allowed?
11.05 The Days and Nights of Molly Dodd.
11.30 Making Their Mark. Artist David Gentleman discusses the inspiration behind his work, describing his drawing as a means of recording the passing moments of experience which make up one's life.
12.00 The Sky at Night.
12.20 Weather.
12.25 Close.

BBC2

6.35 Open University. 12.00 Around Westminster. 12.30 pm Scrutiny.

1.00 Sunday Grandstand introduced by Bob Wilson. Including 1.05 Athletics, live from Frankfurt: The European Cup. Featuring at 1.20 the women's 10,000m, 2.05 the men's 110m hurdles, 2.15 the men's 800m, 2.55 the men's 200m, 3.20 the men's 5,000m and at 3.50 the men's 4 x 400m. 4.00 Racing from The Curragh: The Budweiser Irish Derby. 4.05 Motor-cycling from Cadwell Park: The ACU Shell Supercup British Championship.
6.30 One Man and His Dog. Before the start of the new series, in two weeks time, there is a chance to see the closing stages of last year's competition.
7.15 Great Journeys. Across the South Pacific. Solo circumnavigator Dame Naomi James makes a personal journey 5,000 miles across the South Seas in search of Polynesian culture.
8.15 The Redemption Song. New series. Iron in the Soul. In the first of seven programmes about the Caribbean, Jamaican-born Stuart Hall rediscovers the imprint of Britain on the world he left behind.
9.05 In My Defence. In 1896, Capt Alfred Dreyfus was accused by the French Army of being a German spy – primarily because he was a Jew. Derek Jacobi stars in the second programme devised and written by Jack Emery.
9.35 Film: Badlands. Garbageman Kit Carruthers and his teenage lover Holly are on the run after shooting her father. Martin Sheen, Sissy Spacek and Warren Oates star in this cult movie (1973).
11.10 Film: The Prowler. Susan Gilvray calls for help when she is frightened one night by a prowler. The officer who responds is Webb Garwood, an ambitious and unscrupulous policeman. Van Heflin and Evelyn Keyes star in this thriller by Joseph Losey (1951).
12.45 Close.

ITV

6.00 TV-am. 9.25 Disney's Save the Dog. 10.20 The Littlest Hobo. 10.45 Link. 11.00 Morning Worship. 12.00 Heartland. 12.30 pm LWT News Weekend.

1.00 ITN News; Weather.
1.10 International Athletics European Cup Final. Live coverage of the second and final day from Frankfurt, as Britain's men aim to underline their standing as the best in Europe. Hosted by Jim Rosenthal. Athletes competing include Colin Jackson in the high hurdles, John Regis in the 200m, and Tom McKean in the 800m.
4.30 Film: Floods of Fear. Two escaped convicts, a warden and a pretty girl get trapped by a flood in a lonely house. Starring Howard Keel, Anne Heywood and Cyril Cusack (1958).
6.00 Bullseye.
6.30 ITN News; Weather.
6.35 LWT News; LWT Weather.
6.40 Castle's Abroad. New series. The first of five programmes with a religious theme with Roy Castle stopping off at different tourist destinations in Europe. His first port of call is Malta.
7.15 Trouble in Mind. New series. Comedy starring Richard O'Sullivan as a successful pyschiatrist and Susan Penhaligon as his wife.
7.45 Father Dowling Investigates. The Pretty Baby Mystery starring Tom Bosley.
8.40 The Real Charlotte. When Francie goes ahead and marries Lambert, jealous Charlotte plots her bitter revenge. Last in series.
9.40 ITN News; Weather.
10.00 LWT Weather.
10.05 The Dame Edna Experience. With Dusty Springfield and Edward Heath.
10.55 Summer on the Estate. Documentary set on a poor council estate in London; The Day.
11.40 The ITV Chart Show; ITN News Headlines.
12.40 Golf – PGA Tour '91.
1.35 New Music; ITN News Headlines.
2.40 Derrick.
3.50 Pick of the Week.
4.20 Portrait of America.
5.10 Backstage.

CHANNEL4

6.00 Early Morning. 9.25 Malgudi Days.(English subtitles). 10.30 A Week in Politics - Second Reading. 10.45 Dennis. 11.00 The Beverly Hillbillies. 11.30 The Lone Ranger. 12.00 The Waltons.

1.00 Voyage to the Bottom of the Sea.
2.00 Film: Funny Face. A fashion editor turns a shy bookstore attendant into a top model. Stylish musical starring Fred Astaire and Audrey Hepburn (1957).
3.55 The Best of For Love or Money. Nicholas Ward-Jackson looks at the explosion in demand for tribal art – an area of art collecting which he finds is very sensitive and controversial.
4.30 Pursuit of Power.
4.55 News Summary and Weather.
5.00 Family Pride.
5.30 Profiles of Nature. William Carrick's film showing the growth and development of a beaver family. Last in series.
6.00 Kabaddi.
6.30 The Cosby Show.
7.00 Fragile Earth. Birds as Prey. Hunters and conservationists air their views about the problem concerning the killing of an estimated 900 million birds as they migrate across Europe, mainly for sporting purposes.
8.00 Time Signs. New series. Mick Aston presents the first of four programmes delving into the archaeological evidence of Devon's Wolf Valley, soon to be submerged under a new reservoir.
8.30 A Sense of Belonging. New series. Exploring the Jewish identity in Britain today with the help of seven families who talk about the residual scars of the holocaust, their work ethics, family closeness and insecurity.
9.30 Go Fishing. John Wilson makes friends with a tame crocodile and tropical fish in the Mangrove swamps of the Gambian river.
10.00 GBH. Jim Nelson is preparing for his holiday, unaware that he is about to receive some vital information.
11.40 The Strange Case of the Pope, the Fish and Robbie Coltrane. Jools Holland looks at the controversial new British comedy film, The Pope Must Die, starring Robbie Coltrane and Adrian Edmondson.
12.15 Dreaming of Lord's. Documentary about a tour by an Aboriginal cricket team in 1868.
1.55 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Farming Diary. 12.55 Anglia News. 1.10 Members Only. 1.40 Athletics: European Cup. 4.30 Steve Looks Back. 5.05 Hard Time on Planet Earth. 6.00 Heirloom. 6.35 Anglia News. 10.55 Billion Dollar Brain.

BORDER:
12.30 Gardening Time. 12.55 Border News. 6.00 The River Thames. 6.35 Border News. 10.55 Prisoner: Cell Block H. 11.50 Alfred Hitchcock Presents.

CENTRAL:
12.30 Gardening Time. 12.55 Central News. 4.30 Out of Limits. 4.35 The Spectacular World of Guinness Records. 5.05 Hard Time on Planet Earth. 6.00 Wheel of Fortune. 6.35 Central News. 10.55 Holiday on the Buses.

CHANNEL:
12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Journal. 4.30 Universal Studio Tour. 5.00 My Secret Identity. 5.30 Heirloom. 6.00 Tell the Truth. 6.35 Channel News. 10.55 The Human Factor. 11.25 Up the Junction.

GRAMPIAN:
10.45 Interbang. 11.15 Sunday Service. 11.45 Link. 12.30 Jack Thompson Down Under. 12.55 Grampian Headlines. 4.30 The Old Gray Ladies of Lossiemouth. 5.00 Windsurf! 5.30 The River Thames. 6.00 The Munro Show. 6.35 Grampian Headlines. 10.55 Prisoner: Cell Block H.

GRANADA:
12.30 Jack Thompson Down Under. 4.30 Celebration '91. 5.35 Coronation Street. 6.35 Granada News. 10.55 Prisoner: Cell Block H.

HTV:
12.30 West Country Farming. 12.53 Weather for Farmers. 12.55 HTV News. 1.10 HTV Newsweek. 1.40 Athletics. 4.30 Whipsaw. 6.00 The River Thames. 6.35 HTV News. 10.55 Great British Isles. 11.25 Ski with Klammer. 11.40 The ITV Chart Show.

SCOTTISH:
10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 Sunday Service. 12.30 Talking Pictures. 12.55 Scotland Today. 4.30 Whistling in Dixie. 6.00 Scotland's War. 6.35 Scotland Today. 10.55 Off the Page. 11.20 RSA Lecture. 11.50 Wolf.

TSW:
12.30 TSW Farming Week. 12.55 TSW News. 4.30 Coronation Street. 5.30 The TSW Documentary. 6.00 Coach. 6.35 TSW News. 10.55 In the Heat of the Night. 11.50 On the Live Side.

TVS:
12.30 TVS News. 12.33 Agenda. 12.58 TVS Weather. 4.30 Universal Studio Tour. 5.00 My Secret Identity. 5.30 Heirloom. 6.00 Tell the Truth. 6.35 TVS News. 10.55 The Human Factor. 11.25 Up the Junction.

TYNE TEES:
11.00 Morning Worship. 12.00 Heartland. 12.30 Land of the Dragon. 12.55 Regional News. 4.30 Bullseye. 5.05 Northern Life Review. 5.35 Coronation Street. 6.35 Regional News. 10.55 Prisoner: Cell Block H. 11.50 Hooperman.

YORKSHIRE:
12.25 Heidi in the Mountains. 12.50 Calendar News. 4.30 The Spectacular World of Guinness Records. 5.00 The Last Frontier. 6.00 The River Thames. 6.35 Calendar News. 10.55 The Law and Harry McGraw. 11.50 The 1991 Speedway World Championships.

RADIO

SATURDAY

BBC RADIO 2

6.00 Graham Knight. 7.45 Dear Radio 2. 8.05 Ronnie Hilton. 8.00 Brian Matthew. 10.00 Anne Robinson. 12.00 Gerald Harper. 1.30 Jimmy's Cricket Team. 2.00 Ed Stewart. 4.00 Acker's Away. 4.30 Raymond Froggatt in Concert. 5.00 Cinema 2. 6.30 The Movie Quiz. 6.00 Bob Sinfield. 7.00 The AB Seaside Quiz. 7.30 David Hamilton 85th Birthday Tribute. 9.30 Easy Does It. 10.00 The Arts Programme. 12.05 Brian Matthew. 1.00 Patrick Lunt. 3.00 A Little Night Music. 4.00 David Allan.

BBC RADIO 3

7.00 Morning Concert. 8.30 News. 8.35 Ingrid Haebler (piano). 9.30 Saturday Review. 12.25 Words. 1.00 News. 1.05 BBC Lunchtime Concert. 2.05 Prokofiev Festival. 3.55 Schumann. 4.00 Tuning Up. 5.00 Jazz Record Requests. 5.45 Third Opinion. 6.05 Cello and Piano. 7.30 Roberto Devereux. 10.00 Issues. 10.35 Ignace Jan Paderewski. 12.00 News. 12.05 Close.

BBC RADIO 4

6.00 News and Weather. 6.10 Farming Week. 6.50 Prayer for the Day. 7.00 Today. 9.00 News. 9.05 Sport on 4. 9.30 Breakaway. 10.00 Loose Ends. 11.00 The Week in Westminster. 11.30 Europhile. 12.00 Money Box. 12.25 I'm Sorry I Haven't a Clue. 12.55 Weather. 1.00 News. 1.10 Any Questions? 2.00 Any Answers? 2.30 Saturday Playhouse. 3.45 Laughing God. 4.00 Musicians at Large. 4.30 Science Now. 5.00 Writers Revealed. 5.25 Week Ending. 5.55 Weather. 6.00 News; Sports Round-up. 6.25 Citizens. 7.10 Ad Lib. 7.45 Classic Serial. 8.45 Kaleidoscope. 9.15 Music in Mind. 9.50 Ten to Ten. 9.59 Weather. 10.00 News. 10.15 Open Mind. 10.45 Truth to Tell. 11.00 The Tingle Factor. 11.30 Parodies Lost. 12.00 News and Weather. 12.44 Close.

BBC RADIO 5

6.00 News and 24 Hours. 6.30 Morning Edition. 8.00 On Your Marks. 12.00 News and Sport; Sport on 4 Plus 1. 12.30 Sportscall. 1.30 Sport On 5. 7.15 Talking Poetry. 7.45 As Radio 4. 10.00 Sport. 11.15 Fanshawe on Five. 12.00 Sport. 12.15 Close.

WORLD SERVICE

BBC for Europe can be received in Western Europe on Medium Wave 648 kHz (463m) at the following times GMT:

6.00 Newsdesk. 6.30 Meridian. 7.00 World News. 7.09 Twenty Four Hours. 7.30 From the Weeklies. 7.45 Mastersingers. 8.00 World News. 8.09 Words of Faith. 8.15 A Jolly Good Show. 9.00 World News. 9.05 Waveguide. 9.15 Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Here's Humph. 10.15 Letter from America. 10.30 People and Politics. 11.00 Newsdesk. 11.30 Meridian. 12.00 World News. 12.09 News About Britain. 12.15 Multitrack 3. 12.45 Sports Round-up. 1.00 Newshour. 2.00 News Summary; Sportsworld. 3.00 World News. 3.15 Sportsworld contd. 4.00 World News. 4.09 News About Britain.

4.15 Sportsworld contd. 5.00 News Summary; Personal View.

5.15 John Peel. 5.45 Sports Round-up. 6.00 Newsdesk. 6.30 From Our Own Correspondent. 6.50 Write On. 7.00 News Summary; Everybody's Wearing Blue Jeans. 7.45 From the Weeklies. 8.00 World News. 8.09 Personal View. 8.25 Words of Faith. 8.30 Meridian. 9.00 Newshour. 10.00 World News.

10.05 Short Story. 10.20 Jazz for the Asking. 10.50 Sports Roundup. 11.00 World News. 11.05 Words of Faith. 11.10 Book Choice. 11.15 A Jolly Good Show. 12.00 Newsdesk. 12.30 The Life of Galileo. 1.00 News Summary; The Life Of Galileo.

2.00 Newsdesk. 2.30 Taking Issue Around The UK. 3.00 World News. 3.09 News About Britain. 3.15 Recording of the Week. 3.30 From Our Own Correspondent. 3.50 Write On. 4.00 Newsdesk. 4.30 Stuart Colman's Record Hop. 4.45 The Learning World.

SUNDAY

BBC RADIO 2

6.00 Graham Knight. 7.30 Don MacLean. 9.05 Richard Baker. 11.00 Desmond Carrington. 2.00 Benny Green. 3.00 Sounds Easy. 4.00 Max with Love. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Young Musician of the Year. 7.30 Stuart Burrows Sings. 8.30 Sunday Half-Hour. 9.00 Alan Keith. 10.00 Radio 2 Arts Programme. 12.05 When Swing Was King. 1.00 Night Ride. 3.00 A Little Night Music. 4.00 The Early Show

BBC RADIO 3

6.35 (FM) Open University. 6.55 Weather and News Headlines. 7.00 Morning Concert. 8.30 News. 8.35 Maestro de'Concerti. 9.15 Dennis Brain. 10.15 Music Weekly. 11.00 A Modest Profession. 12.45 Table Talk. 1.00 News. 1.05 Your Concert Choice. 2.30 Celebrity Recital. 4.00 An Afternoon in the Park with the Berlin Philharmonic. 5.15 Listening to - Debussy. 6.00 Vespers. 7.15 Schubert. 7.30 The Sunday Play. 9.15 The BBC Welsh Symphony Orchestra. 10.25 Schubert. 12.00 News. 12.05 Close.

BBC RADIO 4

6.00 News and Weather. 6.10 Prelude. 6.30 Morning Has Broken. 6.55 Weather. 7.00 News. 7.10 Sunday Papers. 7.15 On Your Farm. 7.40 Sunday. 8.50 The Week's Good Cause. 8.55 Weather. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America. 9.30 Morning Service. 10.15 The Archers. 11.15 News Stand. 11.30 Pick of the Week. 12.15 Desert Island Discs. 12.55 Weather. 1.00 The World This Weekend. 2.00 Gardeners' Question Time. 2.30 Sunday Playhouse. 3.15 Life with Lederer. 3.30 The Radio Programme. 4.00 Analysis. 4.47 Time for Verse. 5.00 Down Your Way. 5.40 Great Lift Journeys. 5.55 Weather. 6.00 News; Sports Round-Up. 6.15 The Village. 6.30 Europhile. 7.00 Against the State. 7.30 Bookshelf. 8.00 Hypocrite Under a Cowl. 9.00 Treasure Islands. 9.15 The Natural History Programme. 9.59 Weather. 10.00 News. 10.15 Manna to Microwave. 11.00 In Committee. 11.30 Seeds of Faith. 12.00 News and Weather; Interlude. 12.44 Close.

BBC RADIO 5

6.00 News and 24 Hours. 6.30 Meridian Reports. 7.00 Newsdesk. 7.30 Sunday Edition. 9.00 This Family Business. 10.30 Education Matters. 11.00 News and Sport. 11.02 Festivals of Britain. 11.30 Waiter, There's a Fly in My Gazpacho. 12.00 News and Sport. 12.03 Open University. 2.00 News and Sport. 7.20 Open University. 9.00 Soundprint. 9.30 Dragnet. 10.00 Sport. 10.10 Across the Line. 12.00 Sport. 12.10 Close.

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6.00 Newsdesk. 6.30 Jazz for the Asking. 7.00 World News. 7.09 Twenty Four Hours. 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 World News. 8.09 Words of Faith. 8.15 Music with Matthew. 9.00 World News. 9.05 World Business Review. 9.15 Short Story. 9.30 Stuart Colman's Record Hop. 9.45 Sports Roundup. 10.00 News Summary; Science in Action. 10.30 In Praise of God. 11.00 Newsdesk. 11.30 The Life Of Galileo. 12.00 News Summary; The Life Of Galileo. 1.00 Newshour. 2.00 News Summary; The Making Of The Middle East. 2.30 Anything Goes. 3.00 World News. 3.15 Concert Hall. 4.00 World News. 4.09 News About Britain. 4.15 Taking Issue Around The UK. 4.45 Letter from America. 5.00 World News. 5.05 World Business Review. 5.15 In Praise of God. 5.45 Sports Roundup. 6.00 Newsdesk. 6.30 The Life Of Galileo. 7.00 News Summary; The Life Of Galileo. 8.00 World News. 8.09 Jazz Now and Then. 8.25 Words of Faith. 8.30 Brain of Britain. 9.00 Newshour. 10.00 World News. 10.05 Music with Matthew. 10.50 Sports Roundup. 11.00 World News. 11.05 World Business Review. 11.15 Letter from America. 11.30 The Making Of The Middle East. 12.00 Newsdesk. 12.30 In Praise of God. 1.00 News Summary; Opera of the Week. 1.45 Mastersingers. 2.00 Newsdesk. 2.30 Composer of the Month. 3.00 World News. 3.09 News about Britain. 3.15 Good Books. 3.30 Anything Goes. 4.00 Newsdesk. 4.30 Off the Shelf. 4.45 Andy Kershaw's World Of Music.

CHESS

THE diminishing group of players who regard chess primarily as an imaginative art have a hard time to survive in modern tournaments. The prevalent attitude is similar to outdoor sport, where winning rather than entertainment is the primary aim.

World champion Gary Kasparov says: "the only goal in chess is to prove your superiority over the other man, and the most important superiority is the superiority of the mind." Britain's No 1 Nigel Short puts it more bluntly: "Chess is just a fight. Any artistic elements are purely a by-product . . . If I get results by playing tediously, that's fine by me."

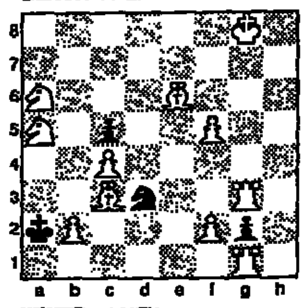
Tournaments used to award brilliancy prizes to encourage lively play. The sponsor of the Linares grandmaster tournament in Spain made Spassky sign a contract to reduce his quick draws, and offered several GMs bonuses if they could defeat specific opponents.

Nicolas Rossolimo, a Greek-born grandmaster of the 1950s, was among the few to regard himself as an artist rather than a competitor. Rossolimo commuted between New York, where his earnings as a taxi driver financed his family in Paris, and the European circuit. Eventually the taxi won, but only after Rossolimo won many a brilliancy with his third move against the Sicilian Defence in this week's game (N Rossolimo, White; P Romanenko, Black; Salzburg 1948).

1 e4 c5 2 Nf3 Nc6 3 Bb5 g6 4 0-0 Bg7 5 Re1 Nf6 6 Nc3 Nd4? Black should castle and meet 7 e5 by Ne8. 7 e5 Ng8 8 d3 Nxb5 9 Nxb5 a6? Provoking the brilliancy where Rossolimo sacrifices three pieces. Better Kf8. 10 Nd6+! exd6 11 Bg5 Qa5 12 exd6+ Kf8 13 Re8+! Kxe8 14 Qe2+ Kf8 15 Be7+ Ke8 16 Bd8+ Kxd8 17 Ng5 Nh6 18 Qe7 mate.

CHESS No 879

BLACK 4 MEN



WHITE 11 MEN

White mates in three moves at latest, against any defence (by M Katz, 1942).
Solution Page XX

Leonard Barden

BRIDGE

NO TRUMP contracts are reputedly hard to defend, but they can also pose certain problems for the declarer. Today's hand comes from rubber bridge of reasonable standard – how would you have played?

N
♠ A 8 5
♥ Q
♦ A Q 10 9 7 6
♣ 8 6 4

W
♠ 10 9 7 6 3
♥ J 9 7 5 2
♦ –
♣ K 7 5

E
♠ K 2
♥ 8 4 3
♦ K 8 5 3
♣ Q J 10 2

S
♠ Q J 4
♥ A K 10 6
♦ J 4 2
♣ A 9 3

With North-South vulnerable South dealt and opened with one heart, North replied with two diamonds, South rebid two no trumps, and North raised to three.

West led the six of spades. The declarer played dummy's five, and the king won. East, counting the points round the table, knew that his partner could not have more than four or five points, so he did not return a spade, but switched to the club queen, hoping that West might hold the king. This held, the two followed to West's king, and a third club was taken by the ace. As the diamond finesse was wrong, South went one down.

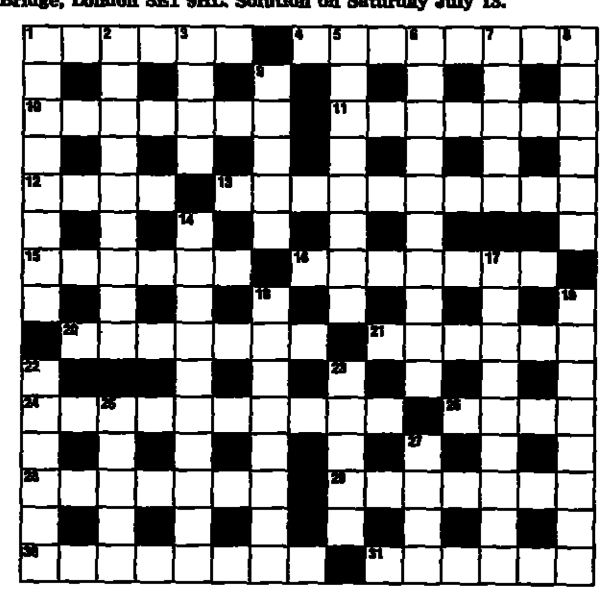
We shall replay the hand with safety in mind. We win trick one with dummy's ace – this is essential – and return the six of diamonds to our knave. West shows out and we lead another diamond to dummy's queen. East correctly plays low again, as West throws a second spade. We cannot continue with ace and another diamond, because East will return the club queen. We can, it is true, win with the ace, and cross to dummy's heart queen to cash the diamond winners, but we cannot return to hand to enjoy ace and king of hearts. So at trick four we cash the queen of hearts and lead back a spade. East wins, and plays the club queen, but we take our ace, cash our two heart honours and the spade queen, and the diamond ace is the ninth trick.

E.P.C Cotter

CROSSWORD

No. 7,581 Set by DINMUTZ

Prizes of £15 each for the first five correct solutions opened. Solutions to be received by Wednesday July 10, marked Crossword 7,581 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday July 13.



Name.................................

Address.................................

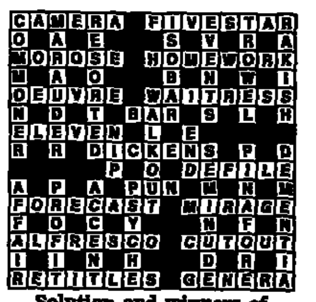
ACROSS

1 Alloy can be wet through at the exterior? (6)
4 Eccentric sailor operatic heroine left (8)
10 Volume of public transport? (7)
11 Steer upstate in New York (7)
12 Wood and bone-work (4)
13 Outline of new hotel suite (10)
15 Insolvent society-girl taking a rise (6)
16 Law to have square sculpture outside (7)
20 Former partner, summoned, is nervous (7)
21 Grace is amusing, following last pair of yeomen (6)
24 Accommodation at North American university can be disgusting (10)
26 The countryman's against a single drink (4)
28 Pectin's in a jam? Check! (7)
29 Firm variegated bloom in Sri Lanka (7)
30 Bluntly, bout's fixed, see? (8)
31 Midnight – early, perhaps, for a showy sock (6)
22 Following dreadful din, I turn blue (6)
23 For a quick meal, keep end of pan in fire (5)
25 Riding-school tumble? (5)
27 Aspersion not uncommon in bars? (4)

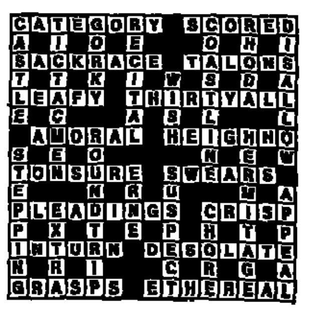
DOWN

1 Goes on to make a profit (8)
2 Flowers in it are kept in the light (6-3)
3 Nap taken here? (4)
5 Hairstyle, bleached, can make an American quail! (3-5)
6 Averse to greens? How upsetting! (3-7)
7 Manet, perhaps, symbolised (5)
8 Work-free, say – floating north (6)
9 A seasoning endlessly used to make savoury jelly (5)
14 Sleeps on it fitfully in this respect (10)
17 Emaciated, toothless what's-his-name (9)
18 Driving area all dry (8)
19 One can be injured in Barking, we hear (8)

Solution to Puzzle No.7,580



Solution and winners of Puzzle No.7,569



Mrs J.M. Bryant, Mapperley, Nottingham; J.L. Cope, London SW6; J. Hervey, Gosport, Hants; M.P. Laker, Coulsdon, Surrey; Ms P. Race, Crowthorne, Berkshire.

Pass the lunch bag, Alice

*The problem with chairmen, says **Dominic Lawson**, is not the pay — it's the perks*

WE ARE told that there is no such thing as a free lunch. Strictly speaking, this aphorism must be true. Someone, somewhere, is paying for the lunch even if it is the chef who cooked it. However, the usual meaning of "no free lunch" is that the person who is being paid for ends up paying himself in some other form, which may include listening to the drivel of the man with the tab through the length of time it takes to eat three "free" courses.

But in the widest sense, there are vast numbers of genuinely free lunches in the busy executive's life. They are called perks and are a far more insidious assault on shareholders' funds than the inflated salaries that have been recently exercising newspaper leader writers, taxi drivers and prime ministers.

The issue of the perks has finally broken surface in the pages of Britain's most demotic newspaper, the *Sun*. We all knew that Robert Evans, the chairman of British Gas, had awarded himself, sorry, been awarded, a pay increase of 66 per cent, or £47,194, to £370,083. I have no quarrel with that. Few people have any idea how tough it is to run a monopoly. You have to butter-up politicians to make sure they allow you to continue to run the monopoly. You have to decide how much to charge consumers for a product they cannot live without. You have to decide what is the biggest profit you can get away with without appearing disgustingly avaricious, rather than just avaricious.

The arguments apply to all those electricity and water company chairmen who have recently been awarded pay increases of between 50 and 150 per cent. You probably work in a competitive business, where prices and levels of profits are determined by the market. You just sit back and let Adam Smith's invisible hand decide, so you really should not complain if monopolists such as Evans earn four times as much as you.

But back to the free lunch, which is getting a little cold: the *Sun* revealed that the deserving Evans had also received £28,000 of British gassy home improvements and that, so far at least, British Gas has picked up the bill.

These included Evan's very own street lights; four showers; five gaslights; a gas-fired barbecue; a gas-fired dishwasher; a tumble dryer (presumably gas-fired); a Glow-worm gas fire; a New World oven grill; a Greatglow basket fire, plus surround; a Valor Super Fire; a cooker-hob; an Aga cooker; and last but not least, central heating with two boilers. (I am sorry to see that Evans has not managed to get British Gas to set him up with a gas-fired television set. I remember many years ago his predecessor and mentor, Sir Denis Rooke, telling me that British Gas had developed a television which ran on on gas. But then, Sir Denis had a very strange sense of humour.)

Evans, it seems, gets not just a free lunch but a free kitchen in which to cook it.

Although the *Sun* may not realise it, it has stumbled on an unnoticed point in the whole debate on executive pay: which is that the executives do not need to be paid at all, but could live entirely off their perks and expenses.

They wake up in their company house (Evans's company house *is* a Georgian terraced one in Holland Road, Kensington). Then they read the newspepers, naturally paid for by their company – how else could they keep informed? (Evans probably listens to the news on a gas-fired radio). No need to pay for the journey to work: the car and the chauffeur are gifts from grateful shareholders. Lunch, by definition, is free. The tab for dinner is picked up by this lobby group, or that journalist. And of course, after two such large free meals, our executive will want no breakfast next day, so paying for the corn flakes himself is out of the question.

The *Sun* rightly castigated Evans for his expense account life in its editorial column. I am sure that, if they were to be revealed, *Sun* editor Kelvin McKenzie's expenses would be tiny in comparison with Evans's £28,000. I would happily reveal my own expenses here but there is no time because my car has arrived to take me to lunch. I forget who's paying.

■ *Dominic Lawson is editor of the Spectator.*

Ashley Ashwood

Private View

Doubts begin at Calais; Essex man is suspect

***Christian Tyler** meets Tory MP Teddy Taylor, veteran anti-Marketeer*

WE HAVE enjoyed the spectacle of two former prime ministers trading blows over Conservative policy towards Europe. But do we, the great British public, really know what we think about being bound more tightly to the European Community?

Not even the populist Lady Thatcher has managed to rouse our democratic hackles, our constitutional ire. An ICM poll in Wednesday's *Daily Mail* showed 43 per cent (of a sample of 1,414) in favour of joining some kind of European super-state and 31 per cent against. In spite of all the furore, 26 per cent were exposed as Don't Knows.

With the Luxembourg summit due this weekend and a December deadline set for the next steps to political and monetary union, I asked Sir Teddy Taylor, the Glaswegian MP for Southend East and veteran anti-Marketeer, to explain why we are so confused at this crucial point in our island story.

Taylor knows exactly what he thinks, and has done so ever since, at the age of 34, he resigned from Edward Heath's government in protest at its decision to join Britain to the Common Market.

"There were always about a dozen like myself who thought the whole business was rather a nasty protectionist racket. You've always had about half a dozen who think it's the best thing since sliced bread. But the great mass in the middle of Conservative MPs who were previously favourably inclined to the EC, thinking it's good for our children and grandchildren are now worried, alarmed, perplexed and distressed."

Nonetheless, I suggested, it seemed most people were happy to be led gently into Europe.

"I don't think it's true," he said. "People are now coming in my direction. It depends entirely on the questions they are asked. If it's 'are you in favour of a more united Europe?' they say yes. If its 'are you in favour of giving more powers from your democratic parliament?' most would say No. There is a huge propaganda machine of course, as you know."

What do the people of Southend think?

"Sadly, I find that the majority of people in Southend are not greatly exercised by it one way or the other," he said. "But when you get people to a discussion and put facts before them the vast majority agree with me and will say 'that's what I've always thought.'"

Asking Teddy Taylor for his views on the EC is a bit like putting a coin in a coffee vending machine and getting gallons of hot water all over your shoes.

But his antipathy boils down to three things: lack of accountability, inefficiency and protectionism – and the greatest of these is protectionism. For him, the European Community is a front for organised economic crime, hostile to free trade and therefore to the wider world. His every answer comes back to this point. His solution is to campaign for a two-tier Europe with Britain in the second, more independent, tier.

Teddy Taylor adopts the tone of a missionary lecturing a circle of baffled natives. He is an affable, courteous man. But his manner is feverish and he perspires with energy. He does not debate, he jousts. He is so fiercely right-wing in economic matters (as in matters of crime and punishment) that you suspect it is a condition, not just an ideology.

I asked: Aren't you really a Little Englander in disguise?

"Far from it. I'm a Big Worlder, I hope. I like to think of myself as an internationalist. One thing that horrifies me is that Europe is so totally and so bitterly anti-international. The way they use their anti-dumping powers ... What I hate is what the EEC is doing to the rest of the world."

Wouldn't you admit that behind all the analysis, the statistics, there is another part of you speaking?

"What I would say is that probaly in my childhood I was taught my responsibilites to the world." Taylor belongs to the United Reform Church, which he still attends and he signed the Pledge of temperance at the age of eight. "Anyone brought up during the war was aware of those responsibilites – to the Arab World, the Middle East, the Far East, to South America. And it matters to us, too."

I asked him to explain his democratic objection to political union.

"If you have a bureaucracy, even of professors and angels sitting together, without the pressure of democratic control they do become sleepy, they do spend money like water, they don't bother about efficiency and they don't bother about the people. See what happened in East Europe? It's exactly the same."

Taylor said there was "no way" the present structure of the Community, even amended, could be made democratic. But is Westminster so democratic? I asked. People talk about the elective dictatorship ...

"I don't see why they can because if they have a dictator in charge they can vote the dictator out. But say, for example, you and other people in London were unhappy about the policies of the EC – to do with protectionism, to do with their agricultural policy, their policy on pollution – what can you do about it? The answer is absolutely nothing. This is the key point of the EC."

Pro-Europeans say some powers would go up, but more would devolve down – it would be a Europe not so much of countries as a Europe of regions.

"But what are they going to implement, these regions? They're going to implement Euro-policies. In what sense is that democratic? How are they controlled?"

As for examples of waste, Taylor has no need to look further than the Common Agricultural Policy. "Please, please," he implored. "Do think about this. Don't you realise that this week, last week, next week, we will spend £500m on agricultural policy. Look around here, the fields are all yellow because everyone is growing this funny rape business. Of course we're paying at twice the world price and there's a 10m tonne glut of it."

He told of the brass-plate company in Italy, a Mafia front, which got L12bn from the EC for delivering non-existent fruit juice to Nato headquarters in Palermo. "They just passed the bill to Rome and Rome passed it to Brussels."

I said I understood his feelings about some of the lunacies.

"But the whole structure is lunacy, that's the point.

He scoffed at the 1992 market liberalisation plans.

"Please find me any firm in Britain that can say because of this law we'll be much better off." Deregulation of insurance would allow a British company to insure the Eiffel tower (if it could could persuade the customer) but not French cars or houses. Life insurance could be sold, but not marketed, across borders. "So the idea of freedom is just a joke."

"How can harmonising driving licences in 1996 help. How does it facilitate free trade that we can have someone coming here from Greece or from Portugal with the right to drive. Their standards might be different. The examiners might have different attitudes. It may be their experience of driving and of accidents is much worse."

He denies that he is a xenophobe. He described the French as "very, very difficult, but nice. If you keep talking to them and send them Christmas cards, through time you can win through." The Italians were "delightful". They might say no, but no-one was there to enforce the decision. "The Germans are the difficult ones; they pretend to be communautaire but use every possible device to frustrate free trade."

He conceded that on the Continent they were "very keen" on the EC. "I think it's partly for historical reasons because they are not terribly proud about their past. They haven't had a great democratic tradition, and they look on the EEC as *something forward-looking*, go-ahead, exciting. "John (Major) has been responding to that by saying nice things to them. But he hasn't conceded anything."

I suggested that however thorough his economic case, Taylor would lose the argument on historic inevitability. Wasn't Britain finished as a major manufacturing nation?

"It's not totally lost. But I'm glad you said that because people don't appreciate the extent to which things have gone."

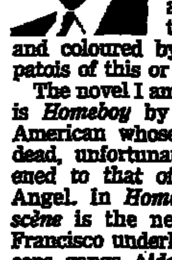
Don't people think that the game is up and we've got nowhere else to go but into Europe.

"That's saying all we can is hold out a begging bowl to Brussels. If that's the future you see for your country" (he laughed a mirthless laugh) quite honestly it's appalling, if there's an alternative. And there is an alternative ... If Britain could be a kind of Singapore of Europe. It's a grand vision, it would be a fantastic growth, excitement, economy."

Like Taylor, I have always been deeply suspicious of the Euro-propagandists and critical of aspirations to a European "world force" bloc. But his anti-EC zealotry, his pure economic reason, left me just as uneasy. He is too convinced to be convincing. I think I won't be pitching *my* tent in Taylor's camp.

Horseflesh and grammarcrash

Michael Thompson-Noel



WE ARE what we read.

What I read most, apart from travel books, is modern (very) fiction, which is why my speech in any given week tends to be shaped and coloured by the experimental patois of this or that novelist.

The novel I am reading at present is *Homeboy* by Seth Morgan, an American whose style (he is now dead, unfortunately) has been likened to that of a Joycean Hell's Angel. In *Homeboy*, his *mise en scène* is the netherworld of San Francisco underlife: junkies, pimps, cops, gangs, Aids and the California state prison system. Morgan's writing career began when he won a PEN essay contest for convicts. When he died, last October, he was working on a second novel.

The reason I scooped *Homeboy* up in the bookshop was the enthusiasm of the reviews quoted by its UK paperback publisher, Vintage: "Funny and fast moving" (*Time*); "Mocks the limits of language to create an unnerving and utterly persuasive rendition of hell" (*New York Times Book Review*); "Remarkable" (*The Times*), "Funny and original" (*The Indescribablyvirtuousandpompous*).

HAWKS & HANDSAWS

I have not been disappointed. At £5.99, *Homeboy* has more juice than an electric chair. Morgan is informal with his grammar, and fond of running words together, fusing them so that they wink and glow as wickedly as the diamonds in De Beers' main vault.

As it happens, *Homeboy's* plot swivels on the theft of a fabled diamond necklace, the Blue Jager Moon, a "vaguely Egyptianlooking neckband" that refracts an arctic aurora and can make a room shiver with "scintillant cold colors ... the way dawn enfeebles streetlamps."

Later, when the central character, Joe Speaker, surfaces from anaesthesia in the prison hospital, he sees a barred window overlooking the ruins of a naval yard: "sagging warehouses, fragile silhouettes of rustfrozen cranes, hollow ironribbed drydocks littering the mudflats like carcases of beached sea monsters."

I wouldnt recommend this novel to anyone of a mild or genteel disposition; nor, cometothinkofit, to anyone stuck on fixedgrammar or who hates to see words runtogether in the modernmanner.

But for this week, at anyrate, I am stuck with Morgan's style, clamped vicelike in its grip, as I realised on Tuesday when I steered the valiant Rover onto the motorway in Nottinghill for a jaunt into the Berkshire countryside to interview a racehorse trainer named Roger Charlton, 41 yearsold, who is famed in the racingworld for debuting last year with two derbywinners, yes *two* derbywinners, which was perfectly incredible, when you cometothinkofit.

It was not a sunny day. Rainclouds were stacked everywhere, darkening Merry Naffshire under a blackblotched sky and causing the countryfolk to huddle in their toytowns, eating pizzas, sipping cappuccinos, buying and selling antiques and waiting glumfaced for interestrates to fall, even though falling interestrates are already in the price and wheres the market *going*, thats what theyd like to know.

The Rover hummed happily as we squelched along the motorway with the wipers flicking springlike. Only trouble was, we were on the wrong motorway. We were on the M40 instead of the M4 – an easy mistake initially, especially from Nottinghill, though one that becomes pronounced as the miles speed by so that just short of Oxford it is a largescale error if, like us, you are supposed to be in Beckhampton, six miles west of Marlborough, at approximately the moment that the stableclock strikes noon.

We were nearly an hour late. But the trainer didnt chide us or seek to reprimand us – a startling illustration, now I cometothinkofit, of the sagacity of his profession, because a man who trains racehorses and has to deal with owners, not to mention bureaucrats, and knows the ways of jockeys and won £1.2m in prizemoney the year he *made his debut, is a* man familiar with idiocy in all its manifestations. A man, inshort, who is able and generally willing to make due allowances if you, like us, are under the impression that the M4 motorway goes to many of the same places as that other meddling autoroute, the hunchbacked M40.

Our chat went jolly smoothly. We puffed our cigarettes. I wrote down his sayings just the way he said them. Then I wished him the best of luck and many more derbywinners.

Later, in Marlborough, I had a creamtea for lunch in order to calm me down: jamscones and icecream, creamcake and breakfasttea. It cost a modest fiver, which will add lustre to my name when inscribed upon an expenseschit and signed and countersigned at the outset of its journey from the thirdfloor to the sixth of the pinkpulsed organ.

■ ■ ■

I DO NOT write many newsstories. I expect there is a reason for it. But I still have to read them. Here are some stories of which I would like to read much less:

Martina Navratilova's new girlfriend, 100th Wimbledon singles win or views on Big Bang.

Liverpool.

The Duke of Edinburgh.

Distant objects in the universe, especially the Duke of Edinburgh.

Arts fund-raising.

European VAT rates.

London Zoo.

Elizabeth Estève-Coll.

Tales of hardship among Lloyd's Names.

Property prices.

Lecturers' pay.

Plans in Zimbabwe to abandon marxism, leninism and scientific socialism.

Vulgar productions of Mozart.

Marks & Spencer.

Melvyn Bragg.

With news in the state it is, no wonder I read fiction.

The best whingers in the world

*Mustn't grumble ... but **John Willman** thinks Britons usually do*

SOMEHOW I do not see the average *Weekend FT* reader as a regular customer of the package holiday industry. You are not the sort to join the jumbo jet-loads of pubescent football hooligans on the annual pilgrimage to the Costa Brava or Corfu. It is a month walking in the foothills of the Himalayas, if I am not very much mistaken, or a cruise around the Hellenic antiquities of Lower Egypt under the leadership of the Emeritus Professor of Archaeology at some ancient seat of learning.

If you have a family with young children, you probably prefer to avoid the tropics and the inevitable six-hour stay in one of Britain's leading airports at the pleasure of continental air traffic controllers. Like the Willmans, you may have discovered the self-drive, self-catering holiday in France, taking advantage of the abundance of empty rural property converted into *gîtes*. This by-product of the Common Agricultural Policy allows us to avoid the excruciating agonies of staying in a hotel with children, without having to slum it in a tent city shared with other families ("Hell is other people's children," as Jean-Paul Sartre would have said if he had ever got into a babysitting circle).

We *gîtes* holidaymakers are generally among the more discerning folk, the sort who can distinguish a Bordeaux from a claret. The travel agents who organise *gîtes* holidays recognise our superior qualities, and often provide a suggestions book in each of their properties to encourage guests to share helpful information and advice. The idea is to add value to others' holidays by demonstrating profound knowledge of local gastronomy, fine wines and romanesque churches. An ideal entry would say where you can buy bread on Sundays, list the local restaurant offering the best snails and identify the vineyard which gives the most free *goûts*.

The only problem is that these suggestions books offer temptation beyond endurance to the average Briton, whose main pleasure in going on holiday is to complain about foreigners and their habits. Complaints about *gîtes* are best taken up with the owner – but since the true-born Englishman or woman would die rather than complain to anyone's face, the book offers the ideal place to beef. The result is a complaints book which lays bare the British soul.

Our *gîte* last year had a suggestions book which was typical of the genre. The accommodation was a converted *pigeonnier*, set in the grounds of a moated manor house among barns and granaries in the heart of the Charente. It was hard to envisage a more beautiful or tranquil country cottage and the owner, a widow of a certain age, was the very soul of hospitality. None of this dissuaded the experienced British grousers, who succeeded in converting the suggestions book into an addendum to the Book of Job.

The easiest option was to complain about the weather (too hot, too cold or too wet). If that was insufficient reason, there was the cottage: the cold tap in the kitchen sink dripped; the door locks were stiff; there was no soap dish in the shower; worse, there was no curtain (the bathroom floor was tiled, as is normal abroad, but we all know about the French and hygiene). Then there was the noise of tractors and aircraft spraying the crops. And a hardy annual was the prices in the local supermarkets and shops.

World class complaining was demonstrated by the visitor who had found that "the loo is too close to the wall and requires a certain amount of acrobatics to pull up your pants". Another felt obliged to point out that "the moat gives the unfortunate impression of being firm – it isn't, as our oldest son found to his cost when he sank in it up to his waist".

The wildlife was also pretty nasty and brutish, particularly the mosquitoes. The H family from Bristol was "plagued by huge slugs". Mr Q found the incessant noise of the crickets disturbing. The S family complained about the noise of the bullfrogs and found that it took "a considerable amount of alcohol" to get a good night's sleep (that alone deserves an award as the most original reason yet devised for getting squiffy in France).

There is a unique argot in which this whingeing must be expressed, a curiously pompous style of writing practised in parish magazines and enthusiasts' newsletters. Mr D, for example, found the "best watering hole in the area" on his trip to the nearest beach "which our trusty Range Rover achieved in one hour". Mr Q praised one small supermarket as "much more agreeable than the raucous canyons of greed" at the local hypermarket. The owner was a "little gem", whose "good offices" had been "very much to our liking".

And in an entry which deserved wider exposure in TV's very own complaints book, *Points of View*, the Ts gave their verdict on this little piece of heaven on earth: "A good *gîte* in a lovely setting, but oh, oh, oh, those mosquitoes!"

Archaeologists from a future civilisation will learn much from these books about holidays in the last part of the 20th century.

Several guests avoided eating out at all or ventured out only once in a week. And judging by the column inches devoted to the subject of petrol prices, some guests had spent most of their holiday on an exhaustive survey of the price of 4-star in western France. One family had taken a day out to dump black plastic bags of rubbish in the streets of the nearest town on refuse collection day under the impression that this was the only way to get rid of it. A few had managed to visit local beauty spots, but generally found the prices too high or the parking too difficult.

So next time you are staying in a *gîte*, don't forget to make your contribution to this exciting new form of samizdat – whether it be to grumble about the sound of sheep snoring or a complaint over the surfeit of hair in the plughole. The stereotype of the whingeing pom has taken centuries to establish and must not be allowed to wither away through inaction.

John Willman and son abroad – and uncomplaining